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Cuba

Talks With U.S. Held Amid 'Constructive' Atmosphere

PA2004011295 Havana Radio Havana Cuba in Spanish 0000 GMT 20 Apr 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The current round of migration negotiations between Cuba and the United States to verify compliance with the bilateral agreements signed in September 1994 ending the so-called rafters crisis concluded on 19 April in New York City, following more that two days of work. The two delegations met once more on 19 April at the Cuban delegation's office at the United Nations building. Ricardo Alarcon de Quesada, National Assembly of the People's Government president, and Dennis Hays, Cuban affairs coordinator at the U.S. State Department, headed the delegations. According to sources from this diplomatic legation, the current round of talks took place amid a professional and constructive atmosphere. The two negotiating teams affirmed that the migration agreement is working.

On 19 April, Cuban delegation spokesman Carlos Fernandez de Cossio said that the talks were moving along well and that they had agreed that the migration agreement is being basically complied with. The Cuban-U.S. migration treaty, which was signed in September 1994, includes, among other issues, Washington's commitment to grant no fewer than 20,000 visas annually to Cuban citizens interested in traveling to the United States and Havana's responsibility to prevent, through persuasive means, the illegal exodus of people to Florida.

Talks End With No Word on Outcome

PA1904165195 Havana PRENSA LATINA in Spanish 1542 GMT 19 Apr 95

[FBIS Translated Text] United Nations, 19 Apr (PL)—The third round of talks between Cuba and the United States to study compliance with the migration agreement reached in September ended today without any word on its outcome.

The delegations met in the office of Cuba's permanent mission to the United Nations for slightly over an hour, headed by Ricardo Alarcon, president of the National Assembly of the People's Government, and Dennis Hays, coordinator of Cuban affairs in the U.S. State Department.

Both parties have maintained total silence on what was discussed during the talks that began yesterday in two shifts, and with an extended meeting of the joint task group.

Nevertheless, at the conclusion of Tuesday's [18 April] talks, Carlos Fernandez de Cossio, spokesman for the Cuban delegation, told PRENSA LATINA that negotiations were going well and emphasized that both sides are satisfactorily complying with the basic parts of the 9 September 1994 agreement.

Fernandez de Cossio added that the next rounds of talks to analyze this document will be held at the end of May in the Cuban capital.

Among the basic points of this agreement is the U.S. pledge to grant at least 20,000 visas annually to Cuban citizens interested in traveling to the United States. This figure must be reached by 9 September 1995.

It was also agreed to grant an additional number of excepted visas to cover a waiting list caused by the U.S. noncompliance with the previous agreement signed in 1984.

Cuba assumed responsibility for using persuasive methods to prevent the illegal exodus of people for the Florida coast.

The document also contains other points relating to the joint position of both countries to reject and take measures against those who use violence and hijack airplanes or vessels in order to leave illegally.

Statement To Be Issued 'Today'

FL1904182195 Havana Tele Rebelde Network in Spanish 1630 GMT 19 Apr 95

[From the "NTV Midday Broadcast" program]

[FBIS Translated Text] The United States and Cuba today concluded two days of talks in New York to discuss progress of the bilateral migration agreement signed in 9 September 1994. The talks were held at Cuban and U.S. permanent missions to the United Nations [as heard]. The delegations were lead by Ricardo Alarcon, president of the National Assembly of the People's Government, and Dennis Hays, head of Cuban affairs at the U.S. State Department.

At the conclusion of the first day's talks, Carlos Fernandez de Cossio, spokesman for the Cuban delegation, said that the talks were well balanced and had been carried out in a candid and constructive atmosphere.

Fernandez de Cossio said that both parties are complying with the agreement satisfactorily. He indicated that a statement regarding the second day's talks should be issued today, and announced that the next round of talks will be held in Havana next May.

Commentary Calls on Clinton To Change Policy

PA1904131795 Havana Radio Havana Cuba in Spanish 0000 GMT 18 Apr 95

[Commentary by Norberto Hernandez from the "Evening Information Review" newscast]

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[FBIS Translated Text] Last week U.S. President William Clinton told a U.S. television station that he does not favor extending the economic embargo against Cuba beyond the point called for by Torricelli law, which was passed shortly before he assumed office. This was Clinton's reply to the question on whether he endorses a proposal by Senator Jesse Helms and representative Dan Burton to penalize those countries and enterprises that trade with or invest in Cuba. Clinton said he is satisfied with the current economic pressure on Cuba and that he is sure it will yield results for his government's good.

It is unclear what the President meant in saying that Torricelli law allows Washington to both tighten pressure on Cuba and make certain political changes as Cuba gradually yields its present position. What is clear, however, is that the changes Cuba has made in its economic policy have nothing to with the legislation passed by the U.S. Government designed to pressure Cuba. The Havana Government has implemented intelligent economic adjustment measures in order to emerge from the crisis caused by the collapse of the East European socialist countries with which Cuba had had very profitable and fair economic relations for many years. These measures include opening the Cuban economy to foreign investment in association with the government under strict local laws governing this activity. Bilateral agreements have been signed to protect foreign investors, including one permitting them to export their hard currency profits. Free circulation of U.S. dollars has been authorized and a local economic policy is gradually being applied to eliminate inflation, restore the Cuban peso's purchasing power, and raise salaries.

But none of this seems to satisfy Washington. What the U.S. Government wants is changes that will set Cuba completely back from the economic and social policy established by the socialist regime, that the country again be left in dependency on and subordination to the United States, and that Cuba renounce the achievements of the revolution. If this is what Mr. Clinton expects before he changes his policy on Cuba, there will be no improvement in bilateral relations. The Cuban Government has stated this very clearly. This is the least that can be expected.

Recently, President Clinton said that he agrees with Defense Secretary Roberto McNamara's statement that it had been a big political and strategic mistake for the United States to become involved in the Vietnam war. Clinton's administration now maintains an important economic relationship with this Southeast Asian country. In Cuba's case, with which the United States does not have so severe a blood debt, the U.S. Government insists on maintaining the hostility of the darkest times of the so-called Cold War as if it were a terrible sin to even approach better bilateral relations.

Many people believe that the reason for this lies in that President Clinton has elected to associate himself closely with ultra-rightist Cuban emigrants who live in Florida in order to improve his electoral chances in that state. Clinton does not realize that this fascist faction has lost the support of the majority of Cuban emigrants. He should instead listen to world public opinion, which loudly opposes the embargo against Cuba, and numerous recommendations by influential groups in society in his own country that this policy be ended and bilateral relations be normalized.

Official Discusses 'Negative Impact' of Helms Bill

FL1904163595 Havana Radio Rebelde Network in Spanish 1155 GMT 19 Apr 95

[Studio discussion with Rafael Dausa, analyst from the North American Affairs Department of the Ministry of Foreign Relations, Minrex, with Felix Fernando Garrido; from the "Doing Radio" program—live]

[FBIS Translated Text] [Garrido] Let's suppose the Helms-Burton act is approved in its current form, without changes. What implications will it have for Cuba in terms of sovereignty and independence?

[Dausa] This anti-Cuban monster is so horribly fashioned that it will undoubtedly have an impact; it is designed to have a negative impact on the Cuban economy. I believe this bill clearly demonstrates, [rephrases] we look at this bill as the last death rattle of the extreme right groups which, observing the economic reforms underway in our country—the measures we have taken, and realizing that our economic and social project is proving to be valid and achievable—are making every effort to disrupt the normal development of our project, to thwart our economic, political and social consolidation at any cost. Because the fact that our economy grew last year—minimally, but it did grow—and the fact that we see positive indicators this year, clearly indicate that we are in the process of economic consolidation and this is exactly what Helms, Burton, and the rest of the anti-Cuban Congressmen involved with this antirevolutionary bill fear.

At the same time, I also think this is yet another illustration that these individuals not only fear pressure from the world solidarity with Cuba movement in the United States— U.S. intellectuals, businessmen, and the press—but this forces them to reevaluate Cuban policy. This is another thing they fear, and it is exactly why they have introduced not only this most suffocating, anti-Cuban bill, but also eight other bills under consideration in the U.S. Congress.

[Garrido] Dausa, you have many years of experience in the Cuban Interests Office at the Swiss Embassy in Washington. You know first hand how the extreme right operates; surely you have often seen staged demonstrations against our Cuban project in the press and in the streets. However, although journalist Fernando Davalos has discussed it, can you give the Cuban people a clear understanding of what the Jesse Helms-Burton bill entails?

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[Dausa] The Helms-Burton bill's primary objective is to make U.S. and foreign investors fearful of investing in Cuba in any way. Additionally, the bill attempts to revive the old issue of claims, and unite the claims of U.S. businesses with claims of former Cuban citizens—to land that was expropriated when they were Cubans—who have subsequently become U.S. citizens. From the legal standpoint, this is completely groundless, and completely unequivocally violates the norms of international law. There is absolutely no precedent to this situation. This has never been done.

[Garrido, interrupting] Does this include the murderers, officials of the Batista regime, all those who fled Cuba?

[Dausa] Of course it does. I think it is important to emphasize that this Helms-Burton bill can be described as the recolonization of Cuba bill. A recolonization that of course will never, ever come to pass. Because whether this bill is approved or not the Cuban Revolution will go forward, it is progressing every day; it will not stop advancing because Helms and an obsolete anti-Cuban group attempt—or even pass—this bill in the U.S. Congress.

[Garrido] It is also assumed, as our colleague Barredo from GRANMA has discussed, that the Helms-Burton bill would directly affect society and certain business sectors in the United States. What is your opinion on this?

[Dausa] I think that this bill is not only an attempt to violate the human rights of all the Cuban people, but more, it is an attempt to overcome the Cuban people with hunger. It is a truly criminal attempt because it seeks to cut off all routes by which the Cuban people are trying to develop themselves and strengthen our economy. However, from the standpoint of international law, we can say that this bill violates NAFTA, the principles of the recently created World Trade Organization, the principles of GATT, and even violates the U.S. Constitution by attempting to limit the U.S. President's freedom to exercise or develop his foreign policy.

[Garrido] Very good, Dausa. I propose we discuss the issue of international law. I think this bill could be discussed piece by piece to understand how it engenders unprecedented events. If our management agrees we could invite members of the Cuban lawyers union to discuss international law, as well as Minrex advisers to discuss this freak bill from the standpoint of international law.

[Dausa] That is a great idea, we could then dissect this bill technically and legally because clearly a superficial study will not suffice. Additionally, Canada, the European Union, China, and Russia, have expressed their disagreement with the bill. Other nations have also expressed their disagreement with this monstrosity. I think that the United States, and certainly Helms, should feel very uncomfortable with the fact that the world is repudiating this concept, and the anti-Cuban, the fascist elements acting against the Cuban community, will feel very hurt that the world is rejecting this bill which seeks to beat Cuba down with hunger.

[Garrido] Thank you, Dausa.

GRANMA: 'Anti-Cuban Bill' Doomed to Failure

PA1904212895 Havana PRENSA LATINA in Spanish 1452 GMT 19 Apr 95

[FBIS Translated Text] Havana, 19 Apr (PL)—U.S. Congressmen Jesse Helms and Dan Burton and other cosponsors of the anti-Cuban bill are again betting on the Cuban revolution's presumable collapse under mechanisms of pressure, punishment, and blackmail.

The newspaper GRANMA today published the third installment of a commentary on the bill in question, which examines its significance for Cuba's international relations.

This is the same bet every politician in the United States has made over the past 35 years, from Eisenhower, who believed that he would accomplish the feat by withdrawing Cuba's sugar quota and suppressing its oil supplies, to John F. Kennedy, and until more recently, George Bush, the newspaper states.

Kennedy, the paper points out, "allowed himself to get involved, thinking that the revolution would collapse with the mercenary Bay of Pigs invasion, but what he encountered was a defeat at Giron Beach," whose 34th anniversary is marked today.

For Bush, meanwhile, with the socialist disaster in East Europe, his announcement that he would be the first U.S. president to step on Cuban soil became an obsession.

Subsequently, as an electoral maneuver months before leaving the White House, Bush signed the Torricelli amendment convinced that under such economic pressure Cuba would give in to hunger and disease.

"No one in the world with an average amount of sense would dare today to predict the Cuban revolution's collapse. What is being discussed is more or less how much time it will take to overcome the current crisis and to achieve economic recovery," the newspaper underscores.

Reading the congressional bill, one reaches the conclusion that these U.S. politicians are not experiencing the reality of the new international order they themselves have sponsored and which, despite its unipolarity, cannot be built without legality.

Since Helms and Burton presented their bill to the Senate and House of Representatives there has been no end to the increasing visits to the island by important businessmen and congressional groups representing business interests, GRANMA says.

The commentary states that during the time that has transpired, 31 delegations from 29 countries have visited

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Cuba, almost all of them formed by representatives from various political factions, and all of them have had on their agendas an interest in exploring business ventures.

Instead of instilling fear, the bill has been a source of encouragement for all of those businessmen because in their view, this U.S. maneuver's main message is that it is going to take the United States a while to create more realistic policies.

The international community realizes—GRANMA says—that this bill has a certain geopolitical background, sort of like the vegetable gardener's dog that "neither eats nor lets others eat."

The sponsors of the bill, the commentary states, have ignored and disregarded the agreements and resolutions of organizations, institutions, and international forums that disapprove of Washington's policy toward the island on issues such as its unilateral coercive measures, the right to freedom of travel, and others.

Recently, GRANMA says, the OAS Inter-American Human Rights Commission requested that the food and medicine blockade against Cuba be lifted, which irritated certain sectors in the State Department.

According to the congressmen in question, the OAS and the entire inter-American system will only be able to consider Cuba's reintegration when the President of the United States determines that the island has a government established in accordance with the North Americans' "democratic" patterns.

Foreign Ministry Official Denies Attack on Academy

FL1904120195 Havana Radio Progreso Network in Spanish 1100 GMT 19 Apr 95

[From the "First Thing" program]

[FBIS Translated Text] Rafael Dausa, head of Foreign Ministry's Analysis Department, denied reports from the United States and Venezuela about an alleged terrorist attack on the Maximo Gomez Military Academy of the Revolutionary Armed Forces, which is situated east of Havana City.

Official Views Court Decision; U.S. Talks Noted

FL1904155695 Havana Radio Rebelde Network in Spanish 2300 GMT 18 Apr 95

[From the "Exclusive" program]

[FBIS Translated Text] Zenaida Costales has been trying very hard to contact the comrades of the Cuban delegation participating in the migratory talks in New York. Unfortunately, to no avail.

[Costales] We have been trying to contact them all afternoon to no avail. We have spoken with the Cuban mission, but it has been impossible to speak with the comrades participating in the talks because the talks are still in session. However, I have two reports that I think are related to the issue. As you had said when "Exclusive" began, there is a report stating that the Florida immigration appeals board has freed a former Cuban soldier who murdered a Cuban Navy officer during the soldier's illegal departure from Cuba. All Cuban people remember this incident because of its broad repercussion throughout all of Cuba. Now, the State of Florida has freed this individual. Several reporters visited the Cuban Foreign Ministry and interviewed Carlos [as heard] Dausa, who condemned the situation. I suggest that everyone listen to the following statements:

[Begin Dausa recording] The Cuban Government condemns this unfair decision taken by the U.S. Court of Appeals. Without doubt, I think that Lionel Macias is one more person added to the already long list of murderers, torturers, and criminals of all types who have found refuge in the United States. Truly, we think that this decision is based on an atmosphere of hostility, hatred, and animosity which is supported by fascist groups of counterrevolutionaries in Miami and the ultraconservative sectors of U.S. society. This decision is totally unfair.

The Cuban Government handed over a complete dossier containing condemnatory evidence against this despicable murderer. We are not only surprised, but angered due to this irrational decision and we are unaware of what type of law, penal code or international law.... [end recording]

[Costales] These were statements made by Carlos Dausa, a Cuban Foreign Ministry official. This man Macias has been freed precisely when the migratory talks between Cuba and the United States are taking place. I would like to point out that this afternoon the second session of the talks were taking place in the Cuban mission in New York. This session has not concluded yet and that is the reason why we do not have any details. We do not have any other details except those which we have received through different press agencies stating that the talks were adjourned at midday and neither the Cuban or U.S. delegations made any comments.

Just as was done in the two previous rounds—after the signing of the accord in September of 1994—the Cuban and U.S. delegations are reviewing compliance with the accord. I remind everyone that, fundamentally, it states that the United States will grant no less than 20,000 visas a year to Cuban citizens who are interested in traveling to the United States. For its part, Cuba is obliged to implement measures which prevent Cubans from traveling illegally to Florida's coasts on frail rafts. When questioned by reporters, the U.S. delegation's spokesman repeated several times that the talks were limited to the migratory issue.

In statements made by Ricardo Alarcon, head of the Cuban delegation, before the beginning of the talks he pointed out that the United States only wanted to discuss

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the migratory accord, but he thought that it was fundamental to discuss the causes that have effected the migration. The causes are the strong measures of the economic blockade, measures which have been strengthened over three decades, and only three years ago were further strengthened by the Torricelli Law. Now, with the bill proposed by Senator Jesse Helms, the measures will be strengthened further. The accord would be in danger and no one can foresee the consequences if this bill were to be approved. For example, one of the consequences would be a worsening of conditions in Cuba, and there would probably be illegal departure attempts. I would like to point out that this situation is far from being comparable to what was said recently, that the Cuban Government was making threats. It is not the policy of the Cuban Government to threaten, it was only a statement made by Alarcon.

Foreign Ministry: Macias Acquittal 'Suspicious'

FL1904191995 Havana Tele Rebelde Network in Spanish 1630 GMT 19 Apr 95

[Interview with Foreign Ministry spokesman Miguel Alfonso by unidentified correspondent; from the "NTV" newscast—recorded]

[FBIS Translated Text] [Correspondent] We are with Foreign Ministry spokesman Miguel Alfonso who will inform us of the government's opinion on a U.S. court's decision to acquit the murderer of Navy Lieutenant Roberto Reyes Aguilar.

[Alfonso] Well, first of all, this is a decision by a court of appeals which confirms the decision made earlier by a judge in a lower court. According to the information I have, this decision now confirms the previous judge's decision by stating that this issue does not have...[pauses] does not constitute a reason to deny political refugee status to Leonel Macias, a confessed murderer, in the United States. This decision taken by the U.S. judicial system is just one more case—to be added to many other previous cases of murderers, torturers, and people who have committed other crimes—who, despite having committed these crimes, are greeted as heroes; and in other cases—such as this one—no measures are taken to sanction this type of event. Accordingly, the Cuban Government sent U.S. authorities all the necessary information which would allow them to view the type and characteristics of this case: a murder, and Macias himself has confessed. It seems suspicious that this would take place before the beginning of the migratory talks which are being held in New York. It was suspicious as well—as it has been noted before—that the expulsion of two Cuban diplomats accredited to the United Nations had just taken place. This proves to me that the U.S. judicial system has almost become a hostage of the most conservative and ultrareactionary elements, as well as all those trying to impede normal relations between Cuba and the United States. This person is one more to be added to the long list of murderers and torturers who live in the United States, notwithstanding the things they were involved in. I think this is something that must be taken into account by international public opinion and—in my opinion—is yet another condonation of terrorism. We return to the policy that any method of getting to the United States is valid, even if it costs the lives of other people.

[Correspondent] Could this have repercussions on the migratory accords?

[Alfonso] Everything involving migratory issues is currently being discussed in New York. I prefer not to discuss whether or not this issue is included in the agenda because I have always been very sparing in words with regard to the specifics of each of the sessions.

[Correspondent] It was said that perhaps today there was to be an official note on the talks?

[Alfonso] Well, there could be an official statement. I have no information—as yet—with regard to this, but it is obvious that the events speak for themselves.

[Correspondent] Thank you very much Miguel.

Opposition Activist: Military Trial 'Political'

PA2004043495 Mexico City NOTIMEX in Spanish 1836 GMT 18 Apr 95

[FBIS Translated Text] Havana, 18 Apr (NOTIMEX)—Opposition activist Elizardo Sanchez Santa Cruz said here today that the military trial against his colleague Francisco Chaviano Gonzalez, who is accused of disclosing state security secrets, has "political overtones."

Lieutenant Colonel Raul Sierra, the prosecutor in charge of the case, asked for a 20-year sentence for Chaviano and for Augusto Cesar San Martin Albistur, first lieutenant of counterintelligence at the Interior Ministry, for disclosing secret counterintelligence information.

Chaviano, a high school math professor, age 42, who heads the illegal opposition group National Council for Civilian Rights in Cuba and who has been in jail since May of last year, was never able to meet in private with his attorney, Sanchez told NOTIMEX.

Sanchez added that his statements and those of three other witnesses of the defense were ruled out by the military court, which held a session behind closed doors last Saturday.

The trial "is an attempt to discredit Chaviano" as part of an official position "of hostility toward the human rights movement and toward small opposition political organizations," Sanchez added.

The prosecutor also accused Chaviano, San Martin, and five others of forging official documents, which are later used by people wishing to migrate to the United States claiming that they are "politically persecuted."

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This activity brought economic benefits for the accused. It included the transfer of information and classified documents from the Interior Ministry, according to Prosecutor Sierra.

The prosecutor asked for minor prison sentences for the rest of the defendants. The court is expected to hand down its ruling next Friday.

Radio Reports U.S. Commander's Remarks on Cuba

PA1904152395 Havana Radio Havana Cuba in Spanish 1300 GMT 19 Apr 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] General John Sheehan, commander in chief of the U.S. Atlantic Command, has admitted in Coral Gables, Florida, that Cuba poses no threat or danger to his country. What concerns us more is if a social and economic collapse occurs on the island, because of what it would mean in terms of illegal immigration to the United States, Sheehan added in his speech to a symposium on hemispheric security organized by the North-South Center of the University of Miami.

During the symposium, the ranking U.S. officer recalled that the care and nutrition of over 22,000 Cubans sheltered in the Guantanamo Navy Base costs U.S. taxpayers $1 million daily. He noted that with this money Washington could do a lot for small Caribbean countries, which do not receive any attention at all from the United States during this time of relative peace and calm.

Gen. John Sheehan concluded by saying that the hemisphere's security is not threatened by any internal enemy, but rather by the deterioration of the environment, rapid population growth, lagging economic development, and social imbalances.

Santiago de Cuba Sugarcane Harvest Performance Praised

FL1904202395 Havana Radio Rebelde Network in Spanish 1700 GMT 19 Apr 95

[From the "National Radio News"]

[FBIS Translated Text] The approximately 25,000 sugar industry workers in Santiago de Cuba will meet current sugarcane harvest production goals tomorrow as a salute to the victory at Playa Giron, and will meet their pledge to Fidel to produce 6-percent more sugar in honor of 1 May, International Workers Day. Correspondent Jose Antonio Torres has the story.

There is a distinct possibility that this year will be very productive, since five of the eight regional mills have met their production goals, and four of them have fulfilled their pledge to the Commander in Chief. Chile and Salvador Rosales Agroindustrial Complexes have shut down and sent their manual and mechanized cutters to work in other mills aiming to reinforce the work force in the home stretch of the sugarcane harvest. America Libre Complex, which has met its production goal for a record 32 consecutive years, will continue grinding operations to produce some 3,400 tons of sugar over their goal.

The situation is a little more tense at the Julio Antonio Mella Complex, where over 80 percent of the cane is cut mechanically. Due to lack of resources and certain subjective problems, production is behind schedule, and operations will conclude in the first ten days of May.

In spite of having 38,000 fewer arrobas of sugarcane, Santiago de Cuba receives the banner for the best performance in the sugarcane harvest. It will contribute approximately 11,000 additional tons of sugar and has turned in the best performance in terms of efficiency and yield of the special period. Of the 61 cutters brigades, 44 have achieved millionaire status; and the remainder will achieve it as a salute to International Workers Day. In addition to greatly contributing to sugar industry recovery, they have already prepared over 450 caballerias for spring planting.

Haiti

Dozens Injured During Attack on Electoral Offices

PA2004035095 Paris AFP in Spanish 0229 GMT 20 Apr 95

[FBIS Translated Text] Port-au-Prince, 19 Apr (AFP)—Dozens of people were injured on Monday during the stoning of the electoral offices in the town of La Chapelle (50 km north of the capital), the Peace and Justice Commission of the Catholic Church in Gonaives, told AFP on Wednesday, 19 April.

The report provided by the United Nations to AFP is different. According to Eric Falt, spokesman for the UN Mission in Haiti (UNMIH), a person showed up at the electoral office accompanied by people armed with machetes, but according to "preliminary" reports obtained by the military component of the UNMIH, "no one was injured" on this occasion.

Simon Guignard, candidate for deputy for the Lavalas Political Organization (OPL, which favors Jean-Bertrand Aristide), gave a different story to the Peace and Justice Commission.

He said the assailants, some of them known for their neo-Duvalierist inclinations, were wielding machetes and picks and disarmed a Haitian police corporal. According to the commission, the corporal left the place following the incident.

Several injured people were treated at the American Hospital in Deschapelles, the same source added. Among those injured were: Daniel Servi, candidate for mayor of La Chapelle, and Jaures, who is Guignard's brother.

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Simon Guignard, who was assisted by "international military officers" related the incident in Gonaives on Tuesday to the OAS-UN International Civilian Mission, which oversees the respect for human rights in the country.

According to the Peace and Justice Commission, this is the fourth incident of this type in the region. A person was stabbed with a machete in Douin on 3 April.

Murder Suspect Arrested; Decrease in Violence Noted

PA1904200695 Port-au-Prince Signal FM Radio in French 1030 GMT 19 Apr 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] A second suspect was arrested on 18 April within the scope of the investigation of the murder of a Haitian opposition member, Mireille Durocher Bertin, last month, UN spokesman in Haiti Eric Falt announced in Port-au-Prince on the afternoon of 18 April during a press briefing. Gerald Benius, 31, was questioned in his home in Petion-Ville, a suburb in the south [as heard] of the capital during a joint operation led by the Haitian interim police, the U.S. Federal Bureau of Investigation, the FBI, and the police and military components of the UN Mission in Haiti, commonly called UNMIH, the spokesman explained. The suspect has been placed under detention in the Petion-Ville police barracks. On 14 April, another person, Claudy Lacroix, had already been arrested within the scope of the investigation, in which a team of FBI agents are participating.

Furthermore, Mr. Falt also pointed out a slight decrease in violence. Let us note that 20 people were killed in armed attacks in Haiti during the first 15 days of April against 29 for the first 15 days of March, and that five alleged thieves were lynched by the populace during the same period against 45 in March.

Finally the spokesman pointed out that thefts had decreased by 49 percent and armed attacks by 70 percent during the first 15 days of April in comparison with the (?first 15 days of March), attributing this decrease to the efforts of the Haitian interim police and UNMIH.

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Thousands of Michoacan Residents Migrating to U.S.

PA2004041695 Mexico City NOTIMEX in Spanish 2054 GMT 19 Apr 95

[FBIS Translated Text] Morelia, 19 Apr (NOTIMEX)—Some 100,000 residents of Michoacan State located in western Mexico, have migrated to the United States seeking better economic opportunities and living conditions after the devaluation of the peso, official sources said today. Jesus Vargas Alejos, director of Migration Affairs in Michoacan, explained that in light of this situation, the state's economy depends, to a large extent, on the dollars being sent by the immigrants to their relatives, who still live in Mexico.

Vargas Alejos noted that violations to the human rights of illegal aliens also soared in the wake of the increase in migration flows.

President Orders Troops Moved To Prepare for Chiapas Talks

PA1904135195 Mexico City NOTIMEX in Spanish 0431 GMT 19 Apr 95

[FBIS Translated Text] Mexico City, 18 Apr (NOTIMEX)—Mexican President Ernesto Zedillo today ordered the mobilization of troops stationed in San Andres Larrainzar to another town seven km to the north, as part of the preparations for a peace dialogue in Chiapas. A communique issued by the Government Secretariat states that "the president of the republic has ordered mobilization from the military post in San Andres Larrainzar to Santiago del Pinar" as part of the preparations for the first dialogue.

On 20 April the Mexican Government and Zapatist National Liberation Army (EZLN) will resume talks aimed at pacifying the state where the armed group emerged on 1 January 1994 making demands for the indigenous peoples.

The text, released this evening, says that security arrangements planned for the occasion "are the same as the plan used during the San Cristobal dialogue" from 21 February to 3 March 1994. The document explains that the Mexican Red Cross will be in charge of the first cordon of security around the negotiators, townspeople and nongovernment organizations with the second circle, and military police the third.

Spokesman Announces 20 Apr Talks

PA1904044495 Mexico City XEW Television Network in Spanish 0430 GMT 18 Apr 95

[From the "24 Hours" newscast]

[FBIS Translated Text] On 20 April, on a basketball court, a public site in San Andres Larrainzar, Chiapas State, the dialogue will resume between the government and the EZLN [Zapatist National Liberation Army]. The Mexican Government this evening announced the name of the person who will head its group.

Government Secretariat Spokesman Alfonso Durazo said the following:

[Begin Durazo recording] On President Ernesto Zedillo Ponce de Leon's instructions, today the government secretary appointed Marco Antonio Bernal Gutierrez as coordinator of the Dialogue for Harmony and Peace in Chiapas State. Until today, Bernal was director of the CAPCE [expansion unknown], and he is a member of the extended cabinet. He was previously a senior officer at the Urban Development and Ecology Secretariat and was president of the National Solidarity Institute [Instituto Nacional de Solidaridad].

Marco Antonio Bernal will be in charge of the work group created at the Government Secretariat to conduct the dialogue and reconciliation process for development and dignified peace in Chiapas, which will begin on 20 April in San Andres Larrainzar with the EZLN.

Bernal's appointment confirms the federal government's resolve to continue its efforts toward harmony and peace with justice and dignity in Chiapas State, for which it has created this permanent work team of the highest political and professional caliber. [end recording]

It is clear that the Government Secretariat is in charge of the negotiations and that Bernal is not a commissioner. There have already been two commissioners. Bernal is not a commissioner because this is not a commission; it is a work group.

Joining Bernal Gutierrez in the work group are Gustavo Iruegas, Jorge Del Valle, and Javier Centeno.

Chiapas Rebel Governor on Upcoming Talks

PA1904145095 Mexico City LA JORNADA in Spanish 17 Apr 95 p 10

[Report by Juan Antonio Zuniga]

[FBIS Translated Text] Lacandona Jungle, Chiapas, 16 Apr—After a private meeting with several members of the Clandestine Indian Revolutionary Committee [CCRI], Amado Avendano Figueroa, governor in rebellion of Chiapas, said that the Zapatists will put up with everything for the sake of finding a political solution to the conflict before making a decision for violence again.

This is our last effort to avoid war, the members of the Zapatist National Liberation Army [EZLN] General Command said. Deep in the jungle and under the splendor of a full moon, the meeting between the governor in rebellion and an EZLN General Command delegation was held in complete secrecy, thanks to strict security measures established by the rebels in an area full of soldiers.

Avendano held a preliminary two-hour meeting with a CCRI delegation. Another meeting, this one lasting 40

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minutes, was held elsewhere. After it closed, Avendano agreed to answer journalists' questions.

He said that the EZLN General Command maintains a flexible position toward agreements in the negotiations that will be resumed in San Andres Larrainzar. But the EZLN is still skeptical about the federal government's willingness to avoid war, in particular considering that the government's only visible response has been to fill the jungle with soldiers.

The conversation with the governor in rebellion took place under a ceiba tree. He has not yet recovered completely from the eye injury he sustained during an accident on 25 July 1994.

[Zuniga] What is CCRI's position on the talks?

[Avendano] They do not trust the government because it has failed to show a clear desire to find a final solution to the problems that caused the rebellion.

[Zuniga] Does this mean that the CCRI does not trust the talks?

[Avendano] Neither do I. Maybe this is why I think they do not trust the dialogue, in particular because this place is teeming with soldiers. The situation in Chiapas is difficult. Sometimes I think the government will not yield willingly or recognize the transitional government or many of the needs that the Zapatists have presented.

[Zuniga] Is the CCRI really trying to solve the problem by political means?

[Avendano] Of course. They do not want war because they are human beings and love life. I think that the Zapatists would put up with everything for a political solution before deciding on violence again.

[Zuniga] You hadn't been to the jungle since 8 February. Why did you come to this area again?

[Avendano] Mainly to visit CCRI, discuss the upcoming talks, and try to find points of agreement for the proposals to be made during the talks.

[Zuniga] Some say the EZLN will be pretty powerless during the negotiations because of the militarization. What do you think?

[Avendano] I think they have learned to live dangerously, that they have calculated everything. They are sure to cause the Army serious trouble if violence erupts again. There are soldiers positioned along a certain route, but they do not venture from it because of the very rugged terrain. They go where there are roads. They assume positions and pile up their materiel, but the surroundings are unfamiliar to them. If they were to live there 10 years, they might become more familiar with the place. But right now the soldiers are at a disadvantage, despite all their anti-guerrilla warfare tactics.

[Zuniga] Do you think becoming more familiar with the terrain will take 10 years?

[Avendano] Guerrillas are were they are because reason and justice are on their side. But Army soldiers are where they are for a salary. Soldiers are Army bureaucrats who will shun danger whenever possible. I do not think soldiers will stay very long or very willingly in those trenches that are so very alien to them.

[Zuniga] Is CCRI flexible enough to negotiate?

[Avendano] Yes. Working groups will be set up to solve the urgent problems first and then the important ones.

[Zuniga] What are the most urgent problems?

[Avendano] Agrarian and health problems, because 70 percent of Indian children suffer from one disease or another. The important problems deal with justice, democracy, and freedom.

[Zuniga] Does the EZLN really have enough weapons to repel a military attack?

[Avendano] I think that the forces are balanced. On one hand, the Army's military might contrast with the weakness of the Zapatists. But on the other hand, the surroundings in which the EZLN operates give it a big edge over the soldiers, who must operate in a strange environment. In the jungle, Zapatists move like fish in the water. But soldiers are fish out of water. This works against them because, although they are well armed, they waste their ammunition because they are never sure where to aim. They do not know under which leaf or behind which tree the Zapatists are hiding.

[Zuniga] You have met with the interior secretary, under secretaries, and the EZLN General Command. Do you think that the Mexican Army truly obeys the executive?

[Avendano] I have my doubts. I think the Army is not obeying its commander in chief. This is very important because overexcitement could spoil any political negotiations.

[Zuniga] Do you think the Mexican Army, with its history and background, is genocidal and would massacre the civilian population?

[Avendano] Unfortunately, in the history of the most recent wars no civilized peoples have escaped the dirty war. The United States showed this dramatically in Vietnam. It is the United States which has advised and given arms to all armies on the American continent. The Mexican war would be no exception. War is war. Unfortunately, governments resort to dirty war in desperation. This kind of war involves not only the belligerent parties but also the civilian population.

[Zuniga] What is the position of the government in rebellion?

[Avendano] We agree with the EZLN to a great extent because we somehow are their creatures and product. Their emergence on the national panorama forced us to participate in this conflict to the extent that the Chiapas

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civilian population said: Let's get on with it. Here is a candidate with the proposal for a temporary government while the juridical panorama is cleared. We very nearly shared their fate, although we would go the civilian route and they would eventually go the violent route.

Banco Internacional Creates New IOU System

PA2004041895 Mexico City REFORMA in Spanish 18 Apr 95 p 17A

[FBIS Translated Text] Banco Internacional executives have announced that as of 2 May the bank will offer IOU's called Investment Units (INTERUDIS) that can be cashed in at maturity .

The executives pointed out that these IOU's can be purchased by individuals or corporations in terms of 91, 182, and 371 days. The minimum investable amount will be 5,000 new pesos, and there will be five categories of investment.

The real interest rate will be established weekly within a range of 2 and 10 percent annually and will remain fixed throughout the term. The calculation of yields will be based on the value of the UDI's [Investment Units] on the date of expiration.

Subsequently, on 5 June, Banco Internacional will offer Certificates of Deposit in UDI's in terms of 91, 182, 371, 560, and 720 days, and a real fixed interest rate between 2 and 10 percent annually, which will remain fixed throughout the entire term.

The minimum investable amount will be 50,000 new pesos and there will be four categories of investment. Yields will be calculated every 30 days based on the value of the UDI's.

There are plans to offer investment incomes redeemable on demand, Udiaccounts [Udicuenta], with a minimum investment of 25,000 new pesos and interest payments. Interest will be calculated daily based on the value of the UDI plus a surtax of 1.7 percentage points.

Mexican Bankers Association officials explained that the rescheduling of companies' debts in UDI's will begin this week.

Additionally, the association is working with the authorities on the final design of a plan whereby mortgage loans will be reorganized in such areas as resource percentages per bank, commissions, and fixed payments to the principal.

For the Farming Sector

Javier Diaz Avelar, spokesman for the Bank of Mexico's Trust Institute for Agriculture (FIRA) announced during an interview that the agricultural sector will be included in the UDI plan.

Diaz Avelar said that this week, probably on Thursday, the FIRA will disclose the amounts and plans that will be used in working with this instrument in the agricultural sector.

He said that commercial banks in conjunction with the Finance Secretariat will negotiate the manner in which the UDI's will be used in this sector.

The FIRA, Diaz Avelar explained, "does not yet have full information regarding how much we will contribute to the UDI plan, but our 1995 program of 17.5 billion new pesos has not been modified. Of this amount, 14.5 billion pesos are for credit operations and 3 billion pesos are to rebuild overdue portfolios."

Felipe Avila Espinosa, coordinator of the Center for Economic Studies run by the National Confederation of Cattlebreeders, announced that more than half the members of the Confederation (which has a nationwide membership of 1.5 million) will require financing through UDI's.

He added that the Secretariat of Agriculture, Cattlebreeding, and Rural Development will represent the Confederation at the negotiations.

SHCP Explains Strategy To Reconfigure Domestic Debt

PA1904201595 Mexico City LA JORNADA in Spanish 18 Apr 95 pp 52, 44

[Report by Roberto Gonzalez Amador]

[FBIS Translated Text] The federal government's use of funds from the financial rescue package during the first quarter made possible a 10 percent reduction in the balance of circulating bonds that represent the public sector's internal debt. This dropped from 234.65246 billion new pesos in December to 209.310 billion new pesos in March.

As part of the strategy implemented by the Secretariat of Finance and Public Credit (SHCP) and the Bank of Mexico to reconfigure the internal debt toward instruments that would exert lower pressure on public finances, the balance of treasury bonds (Tesobonos) held by the public during the first quarter dropped from $29 billion to $16.168 billion, a 44.3 percent reduction.

The government's lack of resources for financing with foreign savings the Tesobonos that fell due was one of the official reasons why the country fell into the current economic crisis. These are the only domestic debt instruments with exchange rate risk protection, because in addition to their earnings, they also pay a surcharge linked to the peso-dollar exchange rate.

According to official information, while the balance of circulating Tesobonos dropped, there was a disproportionate increase in local and foreign investors acquiring foreign debt bonds not indexed to the rate of exchange.

Internal debt indicators show that publicly held treasury certificates (Cetes), development bonds (Bondes), and adjustable bonds (Ajustabonos) amounted to 79.7671 billion new pesos in December.

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Three months later, circulation of these instruments among local and foreign investors amounted to 99.85 billion new pesos, which meant a first quarter increase of 20.8 billion new pesos, equivalent to 25.3 percent.

At the end of December, the balance of Cetes was equivalent to 52.06 percent of the total sum of the three instruments in pesos, while Bondes represented 10.48 percent and Ajustabonos 37.45 percent.

After the first quarter, out of the 99.85 billion new pesos that represented the total amount in public investment in Cetes, Bondes, and Ajustabonos, the first represented 48.82 percent of the total, the second 17.55 percent, and the third 33.62 percent.

While circulation of Tesobonos decreased 44.6 percent in the first quarter, Cetes increased from 41,172,760,000 new pesos to 48.378 billion new pesos, a 17.5 percent increase.

The circulation of Bondes among investors during the first quarter increased 109.8 percent because they went from 8,288,840,000 new pesos to 17.39 billion new pesos.

Ajustabonos increased 12.5 percent during the first quarter when they went from 29.615 billion new pesos to 33.317 billion new pesos.

According to SHCP reports, in 1988 the domestic public debt was equivalent to 27.8 percent of that year's GDP. In 1994, this proportion dropped to 13.2 percent. As part of the shock plan measures announced on 9 March, it is estimated that the federal government's domestic debt will represent 5.4 percent of the GDP in 1995.

The public debt policy for this year of crisis is aimed mainly at refinancing government securities under the "best conditions allowed by the markets," the SHCP says.

To this end, the SHCP says, encouragement will be given to placing instruments like Ajustabonos out for longer terms, and issues will be predominantly in pesos. Thus the domestic debt structure "will be significantly strengthened and will have a much broader term. This will create the most adequate means of facing financial pressures caused by internal and external shocks."

Nafin To Defy Skeptics by Selling Bonds to Foreigners

PA1904194195 Mexico City EL FINANCIERO in Spanish 18 Apr 95 p 8

[Report by Rogelio Varela]

[FBIS Translated Text] This year the National Finance Bank (Nafin) will try to defy those capital markets that are still skeptical by placing $3.3 billion worth of bonds among foreign investors.

Sources from this development bank, the largest in Latin America, explained that this bond issuance has nothing to do with the resources Nafin could obtain from multilateral and bilateral organizations like the World Bank and the Inter-American Development Bank.

"Nafin will attempt to take advantage of its size and prestige in the world's major financial centers to attract new resources to the country, regardless of the image prevailing among the large amount of investment sources as a result of the crisis the peso devaluation prompted," the sources pointed out.

The placement of bonds from Mexican companies and entities has been quite restricted this year, and it is expected that only Bancomer [Foreign Trade Bank] and Pemex [Mexican Petroleum] will accompany Nafin in its difficult incursion into the foreign capital markets.

In 1995, Nafin expects to grant loans for up to 47 billion new pesos, resources that, given the current economic crisis, will be geared toward the most urgent needs of small and medium-sized companies. This is how 90 percent of these resources will finance the private sector. The remaining 10 percent will help Nafin execute its duties as a financial agent of the federal government.

Regardless of the crisis and in order to promote sound operations within the financial system, Nafin will continue to foment and promote stock, intermediate, and secondary markets.

So far, Nafin is the only institution that acts as a specialist in the Mexican stock market as it instills liquidity of certain stock, especially in times of drastic price drops.

Nafin's incursion into international markets has been diversified in the last few years, both in the number of markets and the type of instruments, because this bank has placed Yankee, Samurai, and Matador bonds, as well as hybrid securities. The fact that Nafin has offices in New York and London is another factor that has contributed to improving the position of this development bank.

Bank of Mexico Plans Regular Reports on Financial Status

PA1904152095 Mexico City EL FINANCIERO in Spanish 18 Apr 95 p 4

[Report by Alicia Salgado]

[FBIS Translated Text] Having reported that on 17 April 2.7 billion new pesos in cash were injected into the financial system, the Bank of Mexico has reported that the balance of the financial base reached 50.47 billion new pesos [N$] on 12 April. The financial base increased 3.39 percent in only five days.

Likewise, the current account balance in Mexican currency on the same date was N$228 million, thanks to the regulators' restriction of overdrafts by the commercial banks against the Bank of Mexico.

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In addition, on 17 April the net charge for previously completed operations, federal government transactions, and the circulation of bills was N$3.25 billion. To increase the cash availability of the financial system the Bank of Mexico earmarked N$2.7 billion in planned incursions into the money market where today Cetes [treasury certificates] rates registered a significant increase, with a reported rate of 80.21 percent on 17 April, while bank instrument rates were 83.5 percent.

According to financial experts, the increase in the monetary base is explained by the Bank of Mexico's need to make cash available to the financial system during the long Holy Week weekend.

The experts added that it is best that daily reports be provided on these balances since the monetary policy is the "mainstay" of the economic program. The more clarity and opportunity disclosed by the report, the greater confidence financial markets will gain, as requested by representatives of the sector in Mexico and recently by U.S. monetary authorities.

Because of these requests, starting on Monday, 17 April, the Bank of Mexico will issue an update every morning on the progress of monetary policy.

The Bank of Mexico adds that daily information will be provided on the monetary base, made up of the balance of paper money and coins in circulation at the closing of the previous working day, and the net balance of the current account, in Mexican currency, of the credit institutions of the Bank of Mexico, but only in cases in which it is the creditor.

The Bank of Mexico will report net charges and payments that it expects to enter into the current account of the credit institutions resulting from operations previously agreed on, for transactions with the government or for the circulation of paper currency.

Finally, the Bank of Mexico will report the amount and purpose of its interventions in the money market.

Canacintra Proposes Urgent Investment Strategies

PA1904200195 Mexico City EL FINANCIERO in Spanish 17 Apr 95 p 53

[Report by Isabel Becerril]

[FBIS Translated Text] The National Association of Manufacturers (Canacintra) says that the Mexican economy will not achieve the much "desired" sustained economic growth until an efficient strategy is set that truly promotes productive investments and the modernization of manufacturing facilities, which also generate jobs.

Despite its great potential and the fact that it could be a driving force for the economy, the "takeoff" of medium, small, and micro industries—approximately 95 percent of the productive apparatus that employs 60 percent of the labor force—faces obstacles to development and even survival.

Because it is in the area of financing that this segment of the manufacturing industry has encountered the most difficulties, Canacintra proposes to apply seven points to resolve this part of the problem.

Among these proposals is the creation of mechanisms so that smaller businesses may issue bonds and shares to allow them to receive financial resources from secondary markets.

Canacintra suggests developing a system through reciprocal guarantee partnerships and establishing agreements with commercial banks in order to cut down on the time it takes to solve each case and hand resources to each requester.

A Canacintra study lists the main problems hampering the development of smaller businesses:

a) Lack of coordination among agencies involved in the implementation of federal programs directed at the micro industrial sector.

b) Lack of effective support for industrial development.

c) Insufficient supply of basic services and infrastructure.

d) Delay in government payments to industries.

e) Excessive regulation, bureaucracy, duplication of effort, and a lack of clarity in the regulations issued by the public sector.

f) Expensive, tardy, scarce, and delayed financing.

g) Scarce market information.

h) An absence of business plans or programs for improving productivity, promoting quality, and applying technology in the manufacturing process.

i) Minimum number of recycling industries, and a lack of incentives to promote the installation of such enterprises within the metropolitan area and within designated manufacturing areas.

j) Poor handling of industrial waste and control of contaminating emissions.

k) Nonexistence of adequate storage centers for industrial and toxic waste.

l) A shortage of skilled and technical manpower.

m) Insufficient information regarding the benefits offered by industrial parks and the requirements for setting up shop there, and poor dissemination of such information.

The study says that the plan to modernize medium, small, and micro industries must include a comprehensive package of measures, if it is to resolve or at least

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lessen the effects of the problems that inhibit the development of manufacturing enterprises.

However, the study warns that not only should fiscal policies be included, but financial and assurance programs should also be part of the plan, in accordance with the needs of smaller manufacturers, broad technical and training mechanisms, and new and successful international industrial organization systems.

Canacintra proposes disseminating all the information available on credit plans directed at modernizing medium, small, and micro enterprises, with the help of state and federal agencies, and banking institutions.

In short, manufacturing industrialists are asking for an intensive information campaign.

This is because, although viable, many manufacturers have no access to the financial support they need to grow, which is in turn essential for the production sector to progress.

Canacintra proposes the creation of a source for collateral, by developing shared responsibility partnerships, made up of small and medium-sized enterprises within a given sector, as well as public or private entities.

An institution created to offer corresponding collateral guarantees, the proposal states, could handle refinancing.

It is also urgent to create a fund for modernizing medium, small, and micro industries. The fund should also unfreeze accessible lines of credit—with 10-year and even greater terms—to allow them to purchase machinery and other equipment.

In conclusion, the organization deems it beneficial to provide preferential term lines of credit for the purchase and sale of local products, for those sectors significantly affected by imports, through specific agreements between the development banks and business organizations.

CEMAI: No Plans To Rescind International Trade Accords

PA1904140195 Mexico City EL FINANCIERO in Spanish 18 Apr 95 p 21

[Report by Norma Vargas Saldivar]

[FBIS Translated Text] The Mexican Government will not demand renegotiation or modification of NAFTA because of the economic crisis. CEMAI [Mexican Businessmen's Council for International Affairs] has affirmed that the government of President Ernesto Zedillo is not considering rescinding any trade agreements signed during the last few years, much less overturning the opening up of trade.

The Mexican Businessmen's Council for International Affairs (CEMAI) acknowledged that although the economic crisis has affected the rhythm of the nation's production sector, it is still possible to achieve production modernization objectives, because optimum conditions exist for improved presence in international markets.

Mexico negotiated excellent conditions for opening its market with the United States. Free trade could become the driving force behind the growth of Mexican enterprises.

From the very beginning of the negotiations, Mexico's main purpose in entering into the tripartite agreement was to allow it to participate in international modernization quickly and efficiently. Mexico was also trying to reinforce the effects of the opening up of trade and establish effective efforts against inflation.

Jacobo Zaidenweber, president of CEMAI's U.S.-Mexican Bilateral Commission, said that "although the crisis is serious and its effect on the national economy significant, we must not confuse it with the very encouraging expectations that a trade agreement offers the economy."

He admitted that, one year into the treaty, it is still difficult to assess the treaty's effects. Nevertheless, the first tangible element of such a relationship is Mexico's increased trade with the United States and Canada.

The benefits of the trilateral agreement will be apparent once the current economic situation has been overcome, particularly in continuing negotiations to join the largest market in the world. Such negotiations have not been fruitless but "took place within the context of a highly dynamic plan and Mexico's very specific problems."

The benefits the country will see as a U.S. trading partner—the international market with the greatest potential for growth—include the fact that the drop in exports from the United States during the first quarter of the year gives us the opportunity to implement some sort of strategy to encourage direct investment and guide production sectors which could help redefine the national economy.

The safeguard clauses are also of vital importance because they are an opportunity for Mexico to redefine some aspects of its trade policy. This is the case with leather, shoes, and leather products sectors which face unfair competition from imports. The implementation of a 35 percent tariff on products originating in countries which do not have trade agreements with Mexico, specifically, Asian nations, is being considered.

Speaking during the recent Public Forum [Foro de Consulta Popular] on North American-Mexican relations, Zaidenweber acknowledged that as of this moment the tripartite agreement "has not resulted in fairer trade treatment for national producers or the dismantling of the enormous U.S. neo-protectionist apparatus."

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Exporters Question Prospects for Reversing Trade Deficit

PA1904160295 Mexico City LA JORNADA in Spanish 17 Apr 95 p 42

[Report by Patricia Munoz Rios]

[FBIS Translated Text] The export sector sees obstacles to reversing the country's trade balance deficit in the short term, in light of delays in the implementation of a foreign trade development program and because of the severe disadvantages confronting the country's manufacturers compared to their foreign competitors. The export sector has demanded the reincorporation of commercial protection guidelines that take "country classification" into account.

The National Foreign Trade Council (Conacex) and the National Association of Mexican Importers and Exporters (ANIERM) agree on this need. They point out that the trade balance's deficit will continue and will not revert into a surplus as long as obstacles confronted by Mexican manufacturers are not amended.

ANIERM contends that those involved in foreign trade believe in the urgent need to outline a concrete and clear long-term industrial policy, with objectives arranged progressively and incorporating trade protection that "classifies countries, as well as being decreasing and provisional nature."

There is also need for the establishment of internationally accepted fiscal incentives, financial support, and the elimination of costly bureaucratic practices. If this does not occur, exports will remain depressed and export revenues the country needs will continue to decline.

At the same time, Conacex points out in a report that the Mexican export sector is now confronting severe disadvantages with respect to its main foreign competitors, which poses a problem for plans to reverse the national trade deficit.

The document explains that Mexico's financial expenses are in some cases up to three times greater than those of its main trading partners, and that both operating and fiscal costs are sometimes up to 60 percent greater than in some countries.

And if that were not enough, the country also has to deal with transportation costs that are comparatively greater than in other nations, burdensome because of their actual cost and inefficiency.

Mexico's railway and port systems are scarcely one-tenth the size that of those in the United States, the country's main trading partner. This is a severe disadvantage to Mexican business sector.

Also, fuel costs in Mexico are much steeper than those of its closest competitors. While in Mexico one gallon of gasoline costs $0.62—at an average exchange rate of 6 pesos per dollar—in Venezuela it costs $0.25. The same situation applies to diesel, industrial coal, and natural gas, which tends to raise production costs tremendously.

Even electrical energy is more costly in Mexico than in other countries. In this respect, Conacex's report indicates that fuel is extremely important to all exporting companies, which is why it is critical that it be supplied competitively to conditions for the country's other trading partners in order that Mexican manufacturers will not be disadvantaged.

In addition to the above, there are practically no fiscal benefits in Mexico similar to those available in the United States, Canada, Japan, Germany, and Italy.

CCE President Urges Adjustments in Economic Model

PA1904135395 Mexico City LA JORNADA in Spanish 17 Apr 95 pp 1, 49

[Report by Raul Llanos Samaniego]

[FBIS Translated Text] Today more than ever the government must make major adjustments in the current economic model. Delaying or ignoring these adjustments could jeopardize Mexico and would bring our national project to a breaking point, Luis German Carcoba, president of the Business Coordinating Council (CCE), has said.

"If Mexico does not implement the growth strategy that all society is demanding, it will have a truly difficult future—socially speaking—which could be unbearable, therefore, the adjustments should not follow haphazard or temporary trends because these would just be solutions for a day and we would be worse off in the next month," he stressed.

In an interview with LA JORNADA, Carcoba said that Mexico's problems in the past two years have profoundly changed the country's priorities, circumstances, and social needs. "There will be many opportunities in the short run so long as we are able to correct the economic and political setbacks that led us to the current crisis," he emphasized.

At heart, Carcoba pointed out, Mexico has always lacked a long-term project: "We must admit that in six years, regardless of our great efforts, we cannot transform a society," especially with the "blows and changes that unfortunately we have endured every six years."

He said: "We are convinced that everything that has happened forces us to implement the adjustments, but not to break away from the basic model. Rather, we should adopt a fiscal strategy that promotes domestic savings and productive investment; design an industrial policy capable of organizing and promoting the productive chains, a long-term infrastructure project, and greater training of human resources."

Carcoba believes that the country's existing basic model is the correct one since Mexico has a socially-oriented

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market economy that is open to other countries. But this model now requires adjustments, and only by making these adjustments will Mexico have the foundation necessary to grow in a solid and sustained manner in a short time. At this moment, he added, the CCE is working on outlining these adjustments.

The president of the CCE explained that the recurrent crises the country has experienced are the result of its inability to resolve structural problems, for example the one in education; the lack of competitiveness of its productive apparatus; the lack of domestic savings and productive investments; and its inability to implement true deregulation and simplification, in particular thorough institutionalization so that everyone can work within a legal framework without distinction of class or sector.

Only two months from the end of his tenure as head of the CCE, Luis German Carcoba summed up his administration: "When I took over the presidency of the CCE in 1993, we were negotiating NAFTA and that affected the year: the country's investment and growth were negative; it was a bad year, in which uncertainty permeated all aspects because of the effects of NAFTA.

"We saw 1994 as a year of consolidation, particularly in the microeconomic area, but this year arrived and we had all those negative events. All we had left as our premise was defending the economic model, and we spent the entire year working on that. At the end of 1994, we were looking to 1995 as the year of microeconomics and that of the consolidation of the economic plan.

"But today we face a delicate phase, which leads us to the third consecutive year in which, for several reasons, the country faces serious problems in stabilizing its economy and fostering the growth and generation of jobs so urgently needed.

"Businessmen wonder: Why did we fall back into a devaluation crisis? We have reviewed the situations we encountered in other similar crises, which have taken place under all types of governments: those managed by true politicians and those managed by technocrats, with closed borders and open borders, with a deficit and without a fiscal deficit.

"Obviously, this is not the answer because regardless of the type of government, we have recurring devaluation crises. We have reached the conclusion that should help guide the design of the country we want for the future. We always end up borrowing money.

"We have also been unable to thoroughly tackle problems like the poor educational system, the limited competitive capacity of the apparatus, and the lack of mechanisms to promote domestic savings, long-term productive investments, and fiscal strategies geared toward promoting rather than collecting. We must also tackle the need to consolidate an infrastructure in keeping with the levels of domestic and foreign competition and to do all of this within the context of simplification and deregulation.

"We still have many economic shortcomings to deal with. They are real but absurd shortcomings. We have a long way to go," Carcoba stressed.

The core of the problem, he said, lies in structurally changing all those factors that characterize any prosperous society: education, investment and institutionality.

Finally, Carcoba answered criticism of his alleged "pro-government" attitude: "If defending the model promoted by the government of former President (Carlos) Salinas meant being pro-government, then let them describe me as such. But they should not just refer to me as pro-government, because all decisions made in the CCE are the result of a consensus."

Pemex Reports Drop in Oil Reserves Over Decade

PA1904131995 Mexico City NOTIMEX in Spanish 1829 GMT 18 Apr 95

[FBIS Translated Text] Mexico City, 18 Apr (NOTIMEX)—Mexico's total oil reserves dropped 11 percent in the last decade, going from 72.5 billion barrels in 1984 to 64 billion barrels in 1994, according to the state-owned Mexican Petroleum.

It explained that in 1984 crude oil reserves totaled 49.911 billion barrels, liquid gas reserves 7.185 billion barrels, and dry gas 15.404 billion barrels.

Pemex noted that in 1993 crude oil reserves dropped to 44.043 billion barrels, liquid gas reserves to 6.733 billion barrels, and dry gas reserves to 13.740 billion barrels, an 11 percent drop.

Marine reserves added up to 34.467 billion barrels: 28.734 billion barrels of crude oil, 3.285 billion barrels of liquid gas, and 2.448 billion barrels of dry gas.

But these reserves fell in 1994 to 30.328 billion barrels: 25.093 billion barrels of crude oil, 2.952 billion barrels of liquid gas, and 2.283 billion barrels of dry gas.

Pemex explained that 1984 reserves in the north totaled 22.148 billion barrels: 12.614 billion barrels of crude oil, 1.766 billion barrels of liquid gas, and 7.768 billion barrels of dry gas.

In 1994, reserves were 21.242 billion barrels, broken down as follows: 12.243 billion barrels of crude oil, 1.761 billion barrels of liquid gas, and 7.238 billion barrels of dry gas.

In the south, one decade ago reserves totaled 15.885 billion barrels: 8.563 billion barrels of crude oil, 2.134 billion barrrels of liquid gas, and 5.188 billion barrels of dry gas.

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In 1994, reserves dropped to 12.964 billion barrels: 6.707 billion barrels of crude, 2.020 billion barrels of liquid gas, and 4.219 billion barrels of dry gas.

Draft Bill Includes 50-Year Railway Concessions

PA1904161695 Mexico City NOTIMEX in Spanish 0218 GMT 18 Apr 95

[FBIS Translated Text] Mexico City, 17 Apr (NOTIMEX)—Senator Oscar Lopez Velarde announced today that Mexico's railroad services will be granted by concession to private, local, and foreign capital for up to 50 years. The quality of service and competition will determine the tariffs. He said that the draft bill on this will be ready this week. It will also establish a series of restrictions designed to guarantee expansion of the railroad system and to forbid that routes be dropped when they become uneconomical or unprofitable.

In an interview, the legislator said that the regulatory draft bill to Constitutional Article 88, which covers the national railroad service, will follow six basic principles for rebuilding this system. These will be: consolidating Mexican sovereignty in the matter, having the state maintain direction [rectoria] of the service, having the railroad system maintain its character as a public service serving faraway and isolated communities, protecting federal property, and safeguarding the labor rights of workers on the National Railways of Mexico. Lopez Velarde said that Mexico now has 26,000 km of railroad lines, 19,000 of which are very run down and might be inoperative during the modernization stage in the 21st century.

The regulatory draft bill, which will be submitted to Congress this week, will be drafted by both the executive and legislative branches.

He stressed that the state will continue directing the planning of the independent national railroad service, even in awarding the concession to a private concern. He explained that the concessions will be for a maximum of 50 years. The concessions will include a series of obligations, such as building new railroad lines, which will be in the hands of the Mexican state from the moment they are built. Likewise, workers and the union will retain their labor rights in the new enterprises, and all routes will continue to be served, regardless of cost.

The senator said that aspiring Mexican railroad system entrepreneurs can participate on a 49 percent basis of the total cost of the corresponding service. They will also be able to establish joint ventures with Mexican entrepreneurs, the federal state, and local governments. He stressed that the regulatory law will have "safeguards" [candados] to prevent monopolies while fomenting multifaceted service, and that modernization of the system will be encouraged. Likewise, he said that the law will allow the establishment of agreements with U.S. enterprises to exchange rolling stock and facilitate this trade. This has been done since the topic was not included in NAFTA and current circumstances make this necessary.

He said that there are numerous European, U.S., Japanese, and Canadian firms, among others, interested in taking part in modernizing the railroads by supplying technology, while Mexican entrepreneurs will have their participation in the railroad service guaranteed. He added that the Mexican state will not distance itself from its obligation to provide railroad service. It will maintain it as a parastatist enterprise that will operate either through private investment or independently on routes and in regions where there is no private participation.

Lopez Velarde said that the goal of restructuring the National Railways of Mexico is to promote a safe and efficient service that contributes to food industrialization and production. Likewise, he concluded that for the Mexican state restructuring will mean the elimination of cargo transport subsidies, which require substantial resources.

Debtors Increasingly Unable To Amortize Loans

PA1904141995 Mexico City LA JORNADA in Spanish 17 Apr 95 pp 1, 44

[Report by Roberto Gonzalez Amador]

[FBIS Translated Text] According to a study by the expert firm Credit Management Systems [SAC], at least one-fifth of the debtors failed to pay their obligations by the end of the first quarter because of the continuing deterioration of the enterprises' finances caused by the collapse of the domestic market and high interest rates.

SAC reports that conditions prevailing in Mexico will preclude improvements in the credit portfolio before December 1995 and that consumption debtors were the most seriously affected at the end of the first quarter.

The firm, which manages the accounts of 27,998 debtors, prepared a report sampling the degree of delinquency of debtors that has resulted from the economic crisis that broke following the peso's devaluation.

While bankers complain about businesses' financial deterioration and the government attempts to prevent the bankruptcy of banks, the debtors' financial situation shows continual deterioration, which at the end of the first quarter was indicated by the fact that one-third of the enterprises' loans were delinquent.

According to SAC, the overdue loan portfolio showed a marked increase in March. Overdue loans totaled 22.92 percent of the 27,998 accounts included in the sample compared to one month earlier, when it was 20.96 percent.

The firm's experts conclude that a high percentage of debtors still have not made the payments due in February.

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According to the information supplied by the sample, only 87 percent of the debtors met their scheduled payments in December. One month later, the number of debtors capable of amortizing their loans under the agreed-upon terms dropped to 82 percent, only 79 percent complied in February, and 77 percent in March. The report states: "It is worrisome that three out of every four debtors who failed to make their payments have more than three payments overdue."

In assessing the debtors' ability to pay during the first three months of the crisis—the government says that the second quarter will be "the most difficult"—SAC's experts say that 3,451 of the 27,998 debtors who made payments through the Credit Management System were delinquent in December. In January, the number of delinquent debtors increased to 4,894; in February, the number was 5,861, and in March 6,417.

In addition, the report says, the portfolio continues to experience an "important process of classification" in which it can be observed that the number of accounts at high risk of becoming uncollectible increases more markedly than other indicators in the sample, despite the debt restructuring plans designed to deal with the increase in the overdue debt portfolio.

The report says that during the first quarter of 1995 the most significant increase in the number of delinquent loans occurred in the highest risk indicator (loans overdue more than 120 days), which, for the first time in 50 months exceeded 5 percentage points of the number of loans included in the sample of 27,998.

According to these results, 5.79 percent of the loans are overdue by between 91 and 120 days; 5.19 percent, between 61 and 90 days; 3.90 percent, one or two months, and 3.61 percent, less than one month.

With these percentages, the conclusion is that 22.92 percent of the 27,998 loans studied is fully delinquent and that 77.08 of the debtors have been making their payments on schedule.

The document adds, however, that very marked pessimism, mainly among commercial debtors (enterprises), and great uncertainty prevails among final consumers about the macroeconomic scenario for the rest of the first quarter this year.

Considering the financial situation of mini and small debtor enterprises, the report continues, it is urgent that both authorities and financial institutions immediately apply effective recovery mechanisms to channel "urgent resources" to this sector of the economy. "Otherwise, authorities and institutions would have to resign themselves to seeing enterprises close down for failure to meet their obligations."

Drop in Purchasing Power Creates Nation of Window Shoppers

PA1904132295 Mexico City EL FINANCIERO in Spanish 17 Apr 95 p 32

[Report by Rebecca Lizarraga R.]

[FBIS Translated Text] In the past month, Mexico has become a country of "window shoppers"; just 20 percent of the country's total population has purchasing power. This group is responsible for 62 percent of the GNP and is responsible for the majority of national demand. Meanwhile, the rest of the population is comprised of the large national "lookers market" that only looks in shop windows.

This situation, which worsened with last December's devaluation, is reflected in the strong drop in sales, ranging from 50 to 70 percent; the increase in unemployment; and the shutting down of industries.

The national market has two salient characteristics: products with prices that vary widely from one store to the next, up to 200 percent in some cases, and groups of consumers that range across a wide social spectrum that have little chance of being able to buy goods and services.

The Private Sector Center for Economic Studies (CEESP) reports that of the 242,000 jobs that the Mexican Social Security Institute (IMSS) reported had been lost during the first two months of 1995, 70 percent of these were eliminated in January. This reveals that the problem is more than just seasonal and that it is instead linked "to the closure of firms or to a preventive attitude toward an anticipated drop in the market."

The Confederation of National Chambers of Commerce (Concanaco) and the Marketing and Sales Executives (CEVM) [Ejecutivos de Ventas y Mercadotecnia] assert that the fall in demand has caused several disruptions that have turned our country into a "market of window shoppers." This is because the offer of goods is geared exclusively to satisfying a much smaller sector of the population that does have purchasing power, approximately 20 percent according to an income-expenses poll of Mexican homes by the National Institute of Statistics, Geography, and Information Science (INEGI). Private sector analysts explain that one question remains unanswered in all this: the reaction of consumers who have to deal with being obliged to become "lookers" or window shoppers even if they have pressing needs.

According to Concanaco, the country's economic crisis is manifest in the commercial sector by a real contraction in consumption and thus a drop in sales. But the drop has also been prompted by the increase in the cost of money and interest rates, changes in demand trends, and the hefty inflation triggered by the authorities themselves. This has had repercussions, especially on small and micro businesses, and is seen in the closure of businesses.

Concanaco observed that small businesses face a complicated situation: there are changes in the demand trend, and this requires that they look for new suppliers and implement publicity measures to attract more sales, since there is now more competition for the consumer's business. But since they are not large-scale operations

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and do not have the necessary resources, it is almost impossible for small businesses to take such steps.

Drop in Sales Will Increase Throughout the Year

Concanaco estimates that increases in the value-added tax (VAT), prices, and public services will further increase the price of products. This in turn, will also affect the level of sales. According to the existing economic framework, sales are projected to rise in September. Even so, Concanaco expressed its fears that the commercial sector will suffer a significant drop throughout the entire year. This is why it has predicted that the lookers market will increase in Mexico.

CEVM President Miguel Angel Nogueira has asserted that although the continuing drop in sales is different in different areas, consumption has fallen up to 70 percent in some of the areas vis-a-vis the first months of 1995. According to its spokesman, the CEVM also thinks that the decrease could continue throughout the entire year because, in addition to the consumers' lack of resources, VAT and the cost of public services have increased. The big stores are promoting a fierce price war in order to attract clients, but potential buyers do not have money and limit their purchases to their economic means, thus leaving many of their needs unsatisfied.

The exclusive body of buyers that comprises 20 percent of the population—that is to say, 18 million Mexicans, according to INEGI—holds 63 percent of the national wealth, measured in GNP. This exclusive market makes the rules and creates pressures that cause the price of products to drop. In a market where there is big supply and small demand, which is now the case in Mexico, it is the buyers who maintain and exercise their purchasing power.

Another aspect of this new situation in the "buyers market" can be seen in the labor sector. CEESP observes that the effects of the crisis quickly affected this sector and were translated into actions like dismissals and the closing off of sources of employment. It indicates that 268,000 people were dismissed during the first two months of 1995, 242,000 of whom were affiliated with IMSS. The economic program, the CEESP reports, includes the consolidation of a fund worth 1.7 billion new pesos designed to create 550,000 new jobs in rural areas and poverty-stricken urban areas. This will help reduce unemployment but will not stop prices from rising.

Faced with a supply market that has multiple possibilities and a growing population with diminishing resources and increasing unemployment, members of the "buyers market" now hold the baton and will conduct the orchestra to their own and exclusive satisfaction.

Unemployment Rate Increases 17.8 Percent in Feb

PA1904212795 Mexico City NOTIMEX in Spanish 0418 GMT 19 Apr 95

[FBIS Translated Text] Mexico, 18 April (NOTIMEX)—The INEGI [National Institute of Statistics, Geography, and Information Science] today announced that Mexico's total unemployment rate increased by 17 8 percent in February compared to the previous month. This represents 5.3 percent of the Economically Active Population (PEA).

The INEGI pointed out that in February, certain unemployment indicators applicable to the PEA, that is, people over 12 years of age who did not work even for one hour per week, experienced an upward trend.

The INEGI showed that the General Pressure Rate [Tasa de Presion General—TPG], which includes totally unemployed individuals and people who are employed but are looking for jobs for various reasons, also increased from 7.1 percent in January to 8.3 percent in February.

Likewise, the Rate of Part-Time Employment for Market and Unemployment Reasons [Tasa de Ocupacion Parcial por Razones de Mercado y Desempleo], which represents the jobless and people with jobs who work fewer than 35 hours per week, increased from 6.6 percent in January to 7.3 percent.

The INEGI pointed out that the largest total unemployment rate at the regional level was 8.0 percent in Coatzacoalcos, Veracruz (southeast Mexico), followed by 7.8 percent in Chihuahua State in northern Mexico.

In addition, the rate for Torreon, Coahuila (northern Mexico), was 7.6 percentage points, while the states with the lowest rates were Acapulco, Guerrero (western Mexico) with 1.3 percent; Tijuana, Baja California (northern Mexico) with 1.5 percent; and Oaxaca (western Mexico) with 1.6 percent.

The INEGI underscored that 88 percent of all the unemployed had work experience, while the remaining 12 percent had none.

The INEGI pointed out that in February 1995 the employed population represented 94.7 percent of the PEA, distributed as follows: 38.2 percent in the service sector, 21.1 percent in trade, 21.0 percent in the manufacturing sector, 6.1 percent in construction, 5.3 percent in the government, 5.7 percent in communications, and the remaining 2.1 percent in other activities.

The INEGI pointed out that 19.5 percent of the employed population works fewer than 35 hours per week; 66.6 percent of these cases because of their schedule, 11.4 percent because of the market, 8.3 percent for personal reasons, and 13.7 percent for other reasons.

Economic Plan Vulnerabilities Identified

95CA0190A Mexico City REFORMA in Spanish 1 Apr 95 p 9A

[Commentary by Jaime Sanchez Susarrey, University of Guadalajara research professor: "Time Is Flying"]

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[FBIS Translated Text] Time has become the scarcest resource of the government of Mexico and of society as a whole. Since 20 December events have accelerated and have literally devoured the plans and programs designed to take charge of the crisis.

Who now remembers the pact that the government and labor and management signed on 3 January of this year? What happened to the announcement that inflation would not top 17 percent and that in a few months the dollar would be at 4.5 new pesos?

The way things are going now, inflation is expected to reach about 50 percent, and expectations are that the dollar will level off at 6 new pesos. How did we reach this situation? Why did the pact that labor and management signed at Los Pinos not work?

Are not the preceding questions foolish, though? What is the point of asking about the future of the latest pact when it was the government itself that decreed the death of that mechanism? Is it worthwhile to reflect about events that belong to the past?

Reflection is indeed important, for if we are not to repeat history, we must remember it. Something similar happened 12 years ago: despite a series of orthodox economic policies, during Miguel de la Madrid's presidency the wage-price spiral could not be contained.

Almost all of President de la Madrid's attempts to control inflation proved fruitless. Toward the end of 1987, a year when inflation peaked at 159 percent, a decision was made to try a pact to slow down inflationary pressures. The immediate results were positive; in 1988 prices rose by a third of their increase in the preceding year.

Along the same line, it is worth recalling that the later success of the Salinas government in slowing down inflation was due to three factors: a stable exchange rate with a programmed slippage; accelerated trade liberalization; and periodic revamping of the pact to moderate wage and price increments.

The conjunction of those three factors explains how the 50 percent inflation rate of 1988 fell to 8 percent in 1994. But now, in the program presented by Secretary of Finance Guillermo Ortiz, there is no specific measure to stabilize the exchange rate, and the mechanism for achieving consensus among different sectors—the pact—has been definitely abandoned.

In that context, two questions, given their magnitude, force themselves to our attention: 1) Are there or are there not any assurances that the dollar's level is going to stabilize within a reasonable period of time? 2) And once the wage-price spiral has been triggered, what mechanisms can be used to contain inflationary pressures?

It seems to me that neither of these questions can be given a definite answer. On the first and more urgent issue, Mexico's government is gambling that investors will react positively to the measures that have been announced, and that with the return of confidence, capital movements will resume and the exchange rate will stabilize.

But in this respect we need to point out that so far there has been a minimal reaction on the part of financial and money markets. Even though the dollar has declined, the market remains unstable and the dollar's rate is closer to 7 than to 6 new pesos. The volatility of the markets can be explained because investors' confidence does not depend solely on the orthodoxy of the economic program and on the $51 billion in financing that President Clinton's administration promoted.

According to the director of the Bank of Mexico, Miguel Mancera, since last year the crisis in confidence has also depended (and primarily) on political factors. At the root of the capital flight that has made the deficit in the current account untenable and forced the government to revalue are the uprising of the EZLN [Zapatist National Liberation Army] and the assassinations of Colosio and Ruiz Massieu.

Now the paradox is that while the government has presented an economic plan and arranged financing from abroad, in relation to the events in Chiapas—one of the priorities for achieving political stability—it is behaving as if there were no urgency whatsoever.

In fact, between the time when Ernesto Zedillo took office and the decision on 9 February, precious time was lost. In the context of devaluation, the vacillation and stumbling on the EZLN issue were decisive factors in undermining the confidence of the population and of investors in the president of the republic.

The risk that the negotiations may drag on and that the EZLN will continue generating uncertainty has not disappeared. Sebastian Guillen seems to understand perfectly well that the political climate has a decisive effect on the economy. Weeks were spent in answering "yes" to the initiative for dialogue and now he has come up with a demand that the talks be held in Mexico City and include national issues.

Moreover, the prospect is further complicated when last year's assassinations are taken into consideration. While they were actually a plot woven and executed by one of the factions of the elite in power, who and how could guarantee that acts of violence will not be repeated?

Finally, the shock plan is of such a magnitude that the question that must be asked is not whether the population will tolerate it or not, but instead, how long will it be before dissent grows widespread. If that happens in a short period of time, social protests could become a factor generating political instability.

In other words, one of the essential requisites for the return of investor confidence and for the economic program to work is political stability. But that is now threatened by three dangers: 1) the possibility of new

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assassinations; b) the chance that the government-EZLN negotiations will drag on indefinitely; and 3) the likelihood that the downturn in employment and the decline in the population's standard of living will generate protest movements.

These are the reasons why the new plan arouses doubts. Nor is Zedillo's argument that there is no other way persuasive. He said the same thing on 3 January and the situation since then, far from improving, has grown worse. It is hardly necessary to point out that it is desirable for the economic program to be successful and really help to resolve the crisis.

Unfortunately, there is not much room left for rational optimism. In the meantime, time is not just moving, it is flying.

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Guatemala

Government, Guerrillas Resume Peace Talks in Mexico City

PA1904184395 Guatemala City PRENSA LIBRE in Spanish 18 Apr 95 p 63

[FBIS Translated Text] Peace talks between the Guatemalan Government, Army, and guerrillas resumed yesterday in Mexico City, according to CERIGUA news agency, citing Luz Mendez, a member of the guerrilla's political-diplomatic team.

According to Mendez, the report adds, the parties delivered their proposals on the *Socioeconomic Issues and the Agrarian Situation* in the afternoon and will discuss the procedures to be followed to continue and expedite the discussions on the subject. The meeting follows the signing in Mexico City on 31 March of an agreement on the *Identity and Rights of Indian Peoples*.

Coalition Backs Fernando Andrade's Presidential Bid

PA1904170995 Guatemala City SIGLO VEINTIUNO in Spanish 18 Apr 95 p 5

[FBIS Translated Text] The Union of the National Center (UCN), the Guatemalan Christian Democratic Party (DCG), and the Democratic Socialist Party (PSD) yesterday announced the creation of an alliance, to be called Grand National Front [Gran Frente Nacional]. This alliance will support the presidential candidacy of former Foreign Minister Fernando Andrade Diaz-Duran.

Commenting on the alliance, PSD Secretary General Sergio Flores said that the merger is not just an electoral alliance but a plan for developing the country during a time of political crisis.

Some politicians, he noted, have described alliances as a sign of weakness at the polls, but the creation but the Grand National Front is the result of consensus and a national effort to rescue the country and its democratic institutions.

Meanwhile, UCN Secretary General Juan Ayerdi noted that Andrade's candidacy and the creation of the Grand National Front promise to be a viable program for the country. He called on all Guatemalan sectors to join the coalition and promote change.

DCG Secretary General Alfonso Cabrera added that the only thing set about the alliance is Andrade's candidacy, whereas the other elective posts will be agreed on with the groups that join the coalition. According to Cabrera, low-income, Indian, peasant, intellectual, business, and political groups are expected to join the Grand National Front so that together they can contribute the elements necessary for the government plan.

The DCG leader explained that it has maintained communications with the guerrillas for four years, and that it is now awaiting to see what course the peace process takes. Cabrera did not rule out formally inviting the guerrillas to join the coalition.

Meanwhile, the virtual presidential candidate of the three-party coalition, Andrade Diaz-Duran, explained that what is important right now is to recover the political credibility of the democratic institutions as the sole instrument for development.

The alliance that has just been announced does not respond to an electoral situation. I believe the leadership of the three parties have interpreted the needs of the people, who are weary of having authoritarianism and force imposed over ideas, he noted.

This is a big effort, he said, because it is necessary to endow the process with confidence and credibility, and I have accepted this work in a responsible manner because Guatemalans must accept the need to change the country.

Christian Democracy Bloc Disintegrates as Deputies Leave

PA1904045995 Guatemala City Televisiete Television in Spanish 1900 GMT 18 Apr 95

[From the "Channel 7 News" newscast]

[FBIS Translated Text] Approximately nine Guatemalan Christian Democracy deputies have decided to leave their political party following the selection of its presidential candidate. According to the congressmen who now formed an independent bloc, they could join another political party. The presidential candidate was selected without consulting with the party's rank and file. The Guatemalan Christian Democracy bloc was left virtually disintegrated as nine of its 12 members have left.

Minister: Customs Standards To Cause Devaluation

PA1904183995 Guatemala City PRENSA LIBRE in Spanish 18 Apr 95 p 2

[FBIS Translated Text] As a result of the current customs standarization, the quetzal will suffer a real, but temporary, devaluation, Finance Minister Ana Ordonez de Molina has said. She added that the situation will then stabilize. Therefore, there is no reason to be alarmed, the normal reaction when measures of this kind are adopted.

In view of the reduction of customs duties, merchants could be encouraged to import more merchandise, which means they will require more foreign exchange. This will have an effect on the price of dollars. When importers realize that there has been a currency devaluation, their purchasing expectations also drop and stability is restored, she explained.

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De Molina noted that for those reasons, the exchange rate will initially have a tendency to go up due to a greater demand for imported goods. *That is all there is to it; there should be no speculation in the market just because people about think that this is happening because of a supposed need to accumulate foreign exchange due to other circumstances,* she stressed.

She explained that many times the exchange rate is based on expectations more than anything else, and that speculation can be determining factor due to the lack of information. She added that the economic cabinet is following inflation trends closely in order to prevent its increase.

Economy Minister on Customs Tariffs Standardization

PA1904184195 Guatemala City Teleonce Television in Spanish 0345 GMT 18 Apr 95

[From the "Telepress Newscast"]

[FBIS Translated Text] Eric Meza Duarte, the new economy minister, has made some statements upon emerging from the Presidential House. Meza has been held that post since last week, when Minister Eduardo Gonzalez Castillo resigned.

[Begin recording] [Meza] As soon as we detect any type of imbalance in the many economic variables on which the customs tariffs standardization could have an impact, we will take the necessary steps to correct that imbalance. Within the state organization, certain institutions and authorities are authorized to correct such imbalances. Above all, they have enough technical support to make the decisions necessary to correct the imbalances that could be triggered.

[First unidentified reporter] [Words indistinct] the decision Guatemala made adversely affects Central American integration efforts. What is your opinion on this issue?

[Meza] SIECA [Secretariat of Central American Economic Integration] is concerned because certain Central American countries have made decisions about customs tariffs matters, which is not necessarily the case in Guatemala. This concern emerges from the fact that in their opinion, these actions were carried out a tad outside the frame of reference guiding Central American relations. But I believe that each country conserves the necessary and sufficient sovereignty to make decisions on existing situations regarding what is most convenient for each country's interests. Along this line and within this framework, the Guatemalan Government made the decision, of which you are already aware.

[Second unidentified reporter] How does the fact that this decision fails to follow SIECA policies adversely affect Guatemala?

[Meza] It does not affect us adversely at all. As you know, SIECA is the permanent secretariat created by the Central American economic integration treaty, and it is the executive branch of the high-ranking authorities of the integration system. SIECA has merely voiced its concerns. We took note, and we will make the decisions pertinent to the case in due time. [end recording]

Official on Customs Tariffs Standardization Effects

PA1904050095 Guatemala City Teleonce Television in Spanish 0345 GMT 18 Apr 95

[From the "Telepress" Newscast]

[FBIS Translated Text] Bank of Guatemala President Willy Waldemar Zapata on 17 April made certain statements on the central bank's position on the customs tariffs standardization the government decreed. Zapata said this measure elicits positive and negative effects, which we must study.

[Begin recording] [Zapata] What I indicated before the decision was made was that the cabinet, particularly the economic cabinet, had made certain positive and negative comments on the measure. We believe that now that the president took this measure, we must undoubtedly minimize any negative effect it could trigger, considering that on the other hand, the measure also has certain positive effects.

[Unidentified reporter] Could you explain to us what the likely negative effects are?

[Zapata] Among the positive effects, I believe I could list the larger fiscal revenues, which will undoubtedly contribute to [words indistinct]. This effect indeed induces another positive effect: it would reduce the need for the government to seek internal refinancing. On the negative side, I would say that this measure could have an impact in the foreign exchange demand, an impact that could somehow influence the exchange rate behavior.

[Second unidentified reporter] However, certain sectors have assessed that the customs tariffs must not be considered as a means to obtain resources but to promote exports.

[Zapata] Undoubtedly, as far as economic issues are concerned, customs tariffs constitute an element that has been frequently discussed. We must recall that customs tariffs emerged as a fiscal measure; that is, in the history of the customs tariffs, they emerged as a means for the government to collect funds as products arrive in the customs offices. On the other hand, the inconvenience of having high customs tariffs has been analyzed. They are an inconvenience from the standpoint of trade policies. This is why I believe that at this time, considering that the measure has already been implemented, the economic cabinet must closely follow up on the behavior of such main variables as [word indistinct], exchange rates, and interest rates, as well as on the effects the measure may have in the trade balance. [end recording]

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Argentina

Congress Plans To Override President's Veto of Patents Law

PY1904165495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1109 GMT 19 Apr 95

[FBIS Translated Text] Buenos Aires, 19 Apr (NA)—The National Executive Branch [PEN] yesterday made numerous "observations" about the Patents Law and totally rejected the articles establishing an eight-year transition period for the payment of royalties to the pharmaceutical companies that have patented their drug formulas and the one providing for the mandatory use of the patent solely within the boundaries of the national territory.

By bowing to the demands of the EU and the United States, the PEN set itself at loggerheads with Congress.

Congressmen from both chambers have expressed their dogged determination to override the president's veto.

The "observations," which are tantamount to a veto, are not contemplated in the Constitution.

President Carlos Menem's final decision also caused a rift within the government, since [Economy] Minister Domingo Cavallo was in favor of vetoing the law, whereas Foreign Minister Guido Di Tella and Secretary General of the Presidency Eduardo Bauza were opposed to that course of action.

One of the most controversial articles, about which Menem made one or two "observations," is Article 104, which establishes that payment of royalties to the holders of patents will only become effective in the year 2003.

The PEN, through decree No. 549, states that Article 104 establishes dates for partial enforcement of the law that "bear no relation" to the provisions of GATT's Final Agreement of Marrakech. This agreement was ratified by the Argentine Congress and, as such, has precedence over domestic laws.

The United States had harshly criticized the provisions concerning the payment of royalties, as it deemed that making use of patents without paying compensation was "an act of piracy."

What is more, the Clinton administration repeatedly threatened to impose economic sanctions against Argentina if its demands were not met.

The PEN decree wholly objects to nine articles, makes "observations" about seven other articles, and returns the law to Congress for further debate.

Meanwhile, in Congress, the Justicialist bloc held a meeting to define what attitude it will adopt vis-a-vis the PEN.

Opinion within the ruling bloc is divided between those who see the "observations" as a partial veto and those who consider that the PEN intends to put off the debate of this issue until after the 14 May general elections, and thus is buying time by vetoing the Patents Law in its entirety.

Nevertheless, regardless of which faction prevails, there are only two options open to Congress—it either accepts the president's veto or overrides it, in which case it must muster the support of two-thirds of both chambers.

The provisional president of the Senate, Justicialist Eduardo Menem, made it clear that the word "observation" had to be interpreted as a veto. He also acknowledged that "many lawmakers are of the opinion that Congress should insist on having the law it originally enacted prevail."

Senator Menem denied having stated that discussion of the vetoed Patents Law would only take place after the 14 May general elections, adding that on the contrary, if "committees start analyzing this law right away, it may be debated in a plenary session before that date."

Augusto Alasino, Justicialist senator for Entre Rios Province, raised doubts about the Senate president's remarks, arguing that "bearing in mind the highly controversial nature of the subject and the seriousness of the PEN's observations, the issue is sure to be postponed until after the election."

Alasino denied that the law passed by Congress violates GATT regulations, and recalled that during the entire year in which the Senate worked on this bill, it had ongoing consultations with Economy Ministry officials to ensure that the law would conform to GATT regulations.

Humberto Roggero, Justicialist chairman of the Chamber of Deputies Industry Committee, aired similar views on this topic. He announced that despite the observations made by the executive branch, Congress intends to override them.

Roggero said: "We will get together with senators to analyze the executive branch's observations, but the prevalent mood is to insist on the original law by over-riding the veto with a two-thirds majority vote" of both houses.

New Measures Said Well Received by Savings Account Holders

PY1904191195 Buenos Aires TELAM in Spanish 1839 GMT 18 Apr 95

[FBIS Translated Text] Buenos Aires, 18 Apr (TELAM)—The guaranteed deposits system that became effective today has been well received by the savings account holders, and most of those whose time deposits were due today have extended them.

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Bank of Galicia—located at the intersection of Reconquista and Peron streets in the federal capital—employees working at the dollars and pesos time deposits counter reported that most of their clients have extended their time deposits.

A female employee working in the dollar time deposits section told TELAM: "Yesterday, some people postponed their extension for today. And very few withdrew their money; those who did were mainly elderly people."

Nevertheless, a 30-year-old female client emphasized: "I had 11,000 pesos in a time deposit account in dollars. I extended the time deposit for 10,000 pesos that will be guaranteed and withdrew the other 1,000 pesos."

The Bank of Galicia today posted more employees at the counters, both for receiving deposits and supplying information.

At the Sudameris Bank—located at the intersection of San Martin and Peron streets—the time deposit accounts manager indicated that 30 clients extended their time deposits, one client alone opened a new account, and no withdrawals were reported.

Agreeing with the Bank of Galicia source, the Sudameris Bank source said: "People are well informed, but elderly people in particular are asking for more information." The Bank of Galicia source described the trend as "calm, without rushes," hinting at the lack of massive withdrawals.

At the Shaw Bank time deposits counter, it was reported that most clients have extended their time deposits and that the trend of the time deposit account holders "is to return to the large banks that provide security."

The source also indicated: "The savings account holders who are going from bank to bank, seeking a higher interest rate, are disappearing."

A Shaw Bank female client told TELAM: "I had a 12,000-peso time deposit that was due for extension. I was going to withdraw the 2,000 pesos that were not going to be guaranteed, but the bank convinced me that it was backing me up, and I extended the entire deposit."

At the Rio Bank—located at the intersection of Mitre and San Martin streets—the situation was similar to those prevailing at the Bank of Galicia, Sudameris Bank, and Shaw Bank, with an atmosphere of tranquility and confidence toward the new guaranteed deposits system.

Rio Bank sources indicated: "There were no massive withdrawals. After so many holidays, the people waited until today to extend their guaranteed deposits."

The sources added: "Most people are well informed about the new system and seek the solvency and security of large banks."

Public Spending Figures Viewed

95SM0280B (Internet) Argentina Gopher in Spanish 10 Apr 95

[Commentary by Ricardo Rosales: "Quarter's Public Spending in Line With IMF Agreement"; from EL CRONISTA COMERCIAL News Summary 10 Apr]

[FBIS Translated Text] Last Wednesday the Finance Secretariat set the national government's second-quarter spending at 10.07 billion pesos and interest payments on the debt at 1.269 billion. The total comes to 11.39 billion pesos, which in principle is in line with the fiscal targets agreed upon with the IMF. The tables published as annexes to the letter of intent set different numbers as targets: 11.873 billion in spending and 1.057 billion in interest for the April-June period.

The differences can be explained as follows: 1) The level set by Finance is restricted to the national government, whereas the one agreed upon with the IMF applies to the entire public sector (in other words, it also includes revenue-sharing for the provinces and state-run enterprises); 2) A second difference has to do with methodology. The IMF figures are "cash basis," whereas the level set by Finance is "accrual basis"; 3) Finance's quarterly number also includes payment of half the Christmas bonus, which the letter of intent places in the third quarter; 4) As for interest, an administrative problem explains why Finance has used a higher number than was agreed on with the IMF. Since a substantial portion of the debt servicing falls due in early July, Marcos Makon, the budget chief, incorporated the July interest payments into the second quarter.

On the revenue side, the situation during the quarter is less well defined. Carlos Miguel Tacchi is working on a modification of the tax timetable, with new payment dates. One key aspect is the due date for the advances on the wealth tax, which would be paid as of July, although it could be moved forward to May. The target set with the IMF for the second quarter is revenues of 12.665 billion pesos, but Tacchi's estimate in April remains low, just above the March level: between 3.4 and 3.5 billion pesos. The big jump has to come from May on, when the full impact of the three-point increase in the VAT [value-added tax] is felt. Starting in May, if the economy adapts to the economic team's calculations, revenues should jump to 4.5-4.6 billion and hit the targets agreed upon with the IMF for the quarter.

Social Security Law Published

95SM0265A Buenos Aires LA NACION in Spanish 9 Mar 95 p 13

[FBIS Translated Text] The following is the text of the social security solidarity law passed yesterday by the Senate.

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Title I

On the Reforms of the Integrated Retirement and Pension System

Chapter I

Reforms of Social Security Legislation

Article 1. 1. The national public social security systems are systems of assisted distribution based on the principle of solidarity.

2. The benefits granted or to be granted under these systems shall be financed with the resources listed in Article 18 of Law 24,241 and are subject to the regulations concerning minimum and maximum income, ineligibility, and adjustability provided for in Law 24,241.

3. The national government guarantees the granting and payment of the benefits under these systems up to the amount of the budgetary funds expressly appropriated to finance them in the respective budget law.

The amount of the annual budgetary funds allocated to finance the public social security system may not be less than was appropriated in budget law 24,447.

4. The funds of these systems may not be impounded.

Article 2. Article 16 of Law 24,241 is hereby amended to read as follows:

Article 16. Nature of the System and State Guarantee.

1. The national public social security system is a system of assisted distribution based on the principle of solidarity.

Its benefits shall be financed with the resources listed in Article 18 of this law.

2. The national government guarantees the granting and payment of the benefits under these systems up to the amount of the budgetary funds expressly appropriated to finance them in the respective budget law.

Article 3. Article 17 of Law 24,241 is hereby amended, and the following paragraphs added to it:

"f) Benefit for advanced age.

"The budget law shall determine the minimum and maximum amount of the benefits under the public social security system.

"No beneficiary shall be entitled to receive benefits above the legally determined maximum."

Article 4. Article 18 of Law 24,241 is hereby amended to read as follows:

Article 18. Financing.

The benefits of the public social security system shall be financed exclusively with the following resources:

a) The individual contributions of the affiliates included in the public social security system.

b) The employer contributions established in Article 11 of this law.

c) Sixteen (16) of the twenty-seven (27) percent contribution made by self-employed workers.

d) Receipts from the tax on personal assets not incorporated into the economic process and other taxes specifically allocated to the retirement system.

e) Any additional resources that the Congress of the nation may determine in the budget law.

f) Interest, fines, and surcharges.

g) Income from investments.

h) Any other funding that must legally enter the public social security system.

Article 5. Article 32 of Law 24,241 is hereby amended to read as follows:

Article 32. Adjustability of benefits:

The benefits under the public social security system shall be adjusted by the amount annually determined in the budget law in accordance with the respective estimate of funds.

Article 6. Article 34 of Law 24,241 is hereby replaced as follows:

Article 34. 1. The recipients of benefits under the public social security system may resume gainful employment both as employees and self-employed workers.

2. Those who resume gainful employment are obliged to make whatever contributions are appropriate in each case, which shall be allocated to the national employment fund.

3. The new contributions shall not entitle those making them to adjustments or improvements in their original benefits.

4. The recipients of social security benefits who earned them under the special systems for those who perform arduous, dangerous, or unhealthy jobs that cause premature aging or exhaustion may not return to gainful employment in any of the jobs that gave rise to their pension benefit. Should they do so, payment of their social security benefits shall be suspended.

5. The receipt of disability retirement benefits is incompatible with the performance of any gainful activity.

6. The other obligations set forth in Article 12 of this law notwithstanding, employers must communicate the status referred to in paragraph 1 of this article to the appropriate authority within the time limit and in the manner that the law provides. Failure to fulfill this obligation shall make the employer subject to a fine

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equivalent to ten (10) times what the beneficiary has received in social security benefits.

Article 7. Adjustability of Benefits: 1. The adjustability of the benefits under the national public social security systems, during periods prior to the promulgation of this law, shall be governed by the following criteria:

a) The benefits corresponding to periods before 1 April 1991 shall be adjusted according to the index described in Annex 1 of this law.

b) The benefits corresponding to periods from 1 April 1991 to the date of promulgation of this law shall be adjusted in accordance with the provisions opportunely approved by the Ministry of Labor and Social Security of the nation and by agencies under it.

2. As of the effective date of this law, all benefits under the national public social security systems shall be adjustable as annually determined in the budget law. Adjustability may be distributed differentially in order to increase the minimum benefits.

Under no circumstances shall the adjustment be made on the basis of a specific ratio of retirement benefits to the pay of the gainfully employed.

Article 8. Increase in minimum benefits. Future budget laws shall allocate any additional funds that may be appropriated annually, as well as any surpluses from the public social security system, on a preferential basis to raise the benefits of those recipients who lack other sources of income and who receive social security benefits of less than four-hundred and fifty (450) pesos.

Article 9. Maximum benefits. 1. The benefits granted after the passage of this law and under laws prior to Law 24,241 shall be subject to the maximum set forth in the respective law.

2. The monthly social security benefits granted under laws prior to Law 24,241 and not having another, lower maximum, in an amount equivalent to eighty-two (82) percent of the maximum pay subject to contributions, as provided for in the second paragraph of Article 13 of Law 18.037, as amended by Article 158, Paragraph 1 of Law 24,241, shall be subject to the following scale of deductions:

- From 3,101 to 4,000 pesos: six percent of the amount in excess of 3,100.
- From 4,000 to 6,000: 54 plus 12 percent of the amount in excess of 4,000.
- 6,001 and over: 294 plus 30 percent of the amount in excess of 6,000.

The National Executive Branch is hereby empowered to adapt the above scale to the adjusted amounts arising from the sum equivalent to eighty-two (82) percent of the maximum amount of pay subject to contributions.

3. Until the budget law complies with the provisions of Article 17 of Law 24,241, the maximum benefit to be paid after the passage of the present law under the public social security system governed by Law 24,241 may not exceed 3,100 pesos.

Article 10. 1. This law is a federal public law.

2. It shall not apply retroactively to benefits corresponding to periods prior to its taking effect.

Article 11. Repeal. 1. Article 82 of Law 18,037, Articles 125, 158 (paragraph 6), and 160 of Law 24,241, and any other provision that contravenes this law are hereby repealed.

2. Decree 2302/94 is repealed as of the promulgation of this law.

Chapter II

Reform of the Judicial Proceedings of Social Security

Article 12. Judicial challenges to the administrative acts of the National Social Security Administration shall be governed by the provisions of this chapter.

Article 13. Resolutions of the National Social Security Administration may be challenged before federal administrative law courts in the Federal Capital and before courts in the provinces within the time frame provided for in Article 25, Paragraph a) in Law 19,549, by means of a full-jurisdiction suit [demanda de conocimiento pleno] that shall be heard under the rules of the summary proceeding set forth in the Code of Civil and Commercial Procedure of the Nation, with the amendments introduced by this law. The National Social Security Administration shall act as defendant.

Article 14. The National Social Security Administration may cite in its defense the funding limitations in the Distribution System to defray the higher spending that would arise from allowing the plaintiff's claims and their potential extension to analogous cases.

Article 15. Only the documentary, oral, expert, report-based, and other evidence that the court may order in the interest of justice shall be admitted, unless the National Social Security Administration should use the defense of limited resources in the Distribution System, in which case the relevant expert evidence shall also be admitted, to be gathered by members of the staff of experts or officials of the Office of the Auditor General of the Nation.

Article 16. The National Court of Appeals for Social Security, created by Law 23,743, shall become a Federal Court for Social Security and hear the cases enumerated in Article 39 bis of Decree-Law 1285/58, with the proviso that as regards subparagraph a) of this article it shall hear appeals of the rulings handed down by the courts mentioned in Article 13.

Article 17. The final ruling of the Federal Court for Social Security shall be appealable to the Supreme Court of Justice of the Nation before execution of the ruling,

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regardless of the amount involved. The rulings of the Supreme Court of Justice of the Nation shall be binding on lower court judges in analogous cases.

Article 18. When the Supreme Court of Justice of the Nation has repeatedly ruled in analogous cases on the enforcement of this law, it may reject "in limine" the appeal filed, without any other grounds.

Article 19. Court costs shall be defrayed as ordered.

Article 20. Judgments against the National Social Security Administration shall be executed within ninety (90) days of notification, until the budgetary funds allocated for this purpose in the fiscal year in which the deadline expires are depleted. Once these funds have been depleted, execution of the rulings in which payment is pending shall be suspended; the computing of the deadlines for execution of rulings shall resume at the start of the fiscal year so that new budgetary funds allocated to comply with court rulings can be approved and disbursed until they are once again depleted. The National Social Security Administration must strictly observe the chronological order in which notices of final rulings for execution were given, except when rulings pending execution extend into the following fiscal period, in which case it shall give priority to the eldest beneficiaries. Laws 23,982 and 24,130 and, supplementarily, Law 3952 shall apply.

Article 21. In no instance may the judges stipulate a different deadline for the execution of the rulings, nor may they impose monetary, coercive, or admonitory penalties either on the respective agencies or the competent officials, except in cases in which relief is sought owing to delays. Any such measures that may have been adopted or instituted are null and void. The assets and accounts of the National Social Security Administration or the national state are not attachable. The competent administrative authorities must immediately arrange for the interruption or lifting of the precautionary or executory compulsory measures ordered prior to this law, including those instituted with respect to the assets assigned to the National Social Security Administration.

Article 22. The provisions of this chapter shall be immediately applied to pending cases. Those that have been brought before the National Court of Appeals for Social Security and are pending a ruling shall be converted to the procedure provided for in this law, with notification given to the appellants so that they can adapt their case to the new procedure, requesting whatever is legally appropriate. In such cases, and only once, the National Social Security Administration shall have six (6) months, as of notification, to answer the complaint and offer evidence.

Article 23. Any rulings that have been or may be handed down in this regard against the National Social Security Administration up to 31 December 1995 and that order it to pay sums of money, shall be executed as of 1 January 1996, in accordance with the procedure provided for in this law.

Article 24. Article 39 bis of Decree-Law 1285/58 is hereby amended to read as follows:

Article 39 bis: "The Federal Court for Social Security shall hear:

"a) The appeals filed against rulings handed down in cases brought in connection with legal challenges of administrative decisions or acts that bear on the claims of participants, beneficiaries, applicants for benefits or participation, employers, and in general any individual who contends that his rights with respect to the distribution procedure of the Integrated System of Retirement and Pension have been impaired.

"b) The appeals filed against decisions of the General Directorate of Taxation that totally or partially disallow debt challenges determined by the directorate in exercise of the functions assigned to it by Decree 507/93, provided that the amount arising from the decision being challenged has been deposited at the time of filing.

"c) The appeals filed against decisions of the agencies that administer the family allowances.

"d) The appeals filed against decisions of the National Social Security Commission in ruling on conflicts arising from the application of the reciprocity system established by Decree 9316/46.

"e) The remedies of complaint filed against appeals denied and the petitions for prompt action in accordance with Article 28 of Law 19,549."

Article 25. Article 9 of Law 23,473 is hereby amended to read as follows:

Article 9. The administrative appeals enumerated in subparagraphs b), c), and d) of Article 39 bis of Decree-Law 1285/58 must be filed, under an attorney's signature and with an explanation of grievances, before the same administrative body that handed down the ruling, within thirty (30) days of notification if the appellant is domiciled in the Federal Capital and within ninety (90) days if he is domiciled in the interior of the country or overseas. If the appellant is domiciled in the interior of the country, he may choose to file the appeal before the federal judge of his domicile, who shall remit the documents to the court.

Article 26. Article 11 of Law 23,473 is hereby amended to read as follows:

Article 11. Once the administrative appeal has been filed and after consideration by the public ministry should it deem this necessary, the Federal Court for Social Security shall rule in each case on the validity of the appeal, in accordance with the case file, without detriment to any other measures that it may order on its own initiative in the interest of justice. The court shall have jurisdiction over the facts of the cases and the applicable law.

Article 27. Article 14 of Law 23,473 is hereby repealed.

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Title II

Other Provisions

Article 28. Article 33 of Law 24,073 is hereby amended to read as follows:

Article 33. The tax credits referred to in this title shall be regarded as debts of the national state as of 31 March 1991, once their amount has been determined by the General Directorate of Taxation, starting in the fiscal year in which they should have been deducted from earnings subject to taxation and up to the taxable amount in each fiscal year.

These debts shall be paid through the issuance of the sixteen (16) year Consolidation Bonds in national currency that were created by Law 23,982; this law and its regulations shall be applicable insofar as it does not contravene the provisions of this title.

After the deadline that the directorate has established, which will be no less than one-hundred and eighty (180) days, has expired, the credits shall automatically be deemed in dispute, and the corresponding claims must be made in accordance with the procedures in the aforementioned Law 23,982.

The modification of Article 33 of Law 24,073 stipulated in the first paragraph of this article shall not apply to those taxpayers who, at the time this law is passed, have already received Consolidation Bonds under Articles 31 to 33 of Law 24,073 and/or the early issuance procedure provided for in its regulations.

Article 29. Subparagraph a) of point 1 in Article 4 of Decree 879 of 3 June 1992, as ratified by Article 29 of Law 24,307, effective retroactively to 1 July 1994, is hereby replaced by the following wording:

a) Twenty (20) percent to the social security system, to be allocated to meet national pension obligations.

In addition, and as a consequence of the preceding provisions, Subparagraph b) of Article 1 of Decree 1985 of 26 October 1992 is hereby annulled.

Article 30. As of the first day of the month following the publication date of this law, fifty (50) percent of the revenues from the tax established in Articles 65 and 66 of Chapter IV of Title II of the internal taxes law, as amended in 1979, and its modifications, shall be allocated to pay subsidies to retirees and pensioners in the national tax system who receive the smallest benefits in every respect, including existing subsidies.

Article 31. Save for the provisions of Article 30, this law shall take effect on the day of its publication in the Official Gazette.

Article 33. [as published] To be made known to the National Executive Branch.

Energy Integration With Brazil To Be Accelerated

PY1904222495 Buenos Aires TELAM in Spanish 1534 GMT 19 Apr 95

[FBIS Translated Text] Buenos Aires, 19 Apr (TELAM)--During a meeting between Energy Secretary Carlos Bastos and Raimundo Brito, the Brazilian mines and energy minister, Argentina and Brazil agreed to accelerate their energy integration.

During a one-hour meeting at the Energy Secretariat yesterday, Bastos and Brito agreed to promote the required changes in the legislation of the two countries for free electricity and gas transactions.

Bastos and Brito also agreed to regulate and operate transportation systems under a non-discriminatory and open access system to permit compliance with transportation contracts. Efforts will also be made to establish cost-effective prices and rates.

Bastos and Brito concurred that it is necessary to prevent subsidizing the investments of energy companies with funds from state treasuries.

The formation of working groups to accelerate the complementation and economic integration in the energy sector [between Argentina and Brazil] was announced through a communique issued by the Energy Secretariat.

Bolivia

Government Decrees State of Siege

PY1904132595 La Paz Radio Fides Network in Spanish 1100 GMT 19 Apr 95

[Report by Nicolas Sanabria Garron]

[FBIS Translated Text] The entire national territory is under state of siege as of today after the government headed by President Sanchez de Lozada decided, at midnight last night, to enforce this extreme exceptional measure with the purpose of overcoming the social disorder and subversion allegedly being promoted by rural and urban teachers.

During a news conference held after a cabinet meeting at Government House, the minister of government, the social communications minister and the minister of the presidency stated that the state of siege is enforced as of 0000 on 19 April in view of the negative results of the Bolivian Labor Federation [COB] national meeting.

Minister of Government Carlos Sanchez Berzain said the following:

[Begin Sanchez recording] I will hereby proceed to read supreme Decree No. 23,993:

The Presidency of the Republic, Bolivia, Gonzalo Sanchez de Lozada, constitutional president of the Republic;

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Whereas:

Leaders, particularly teachers' union leaders and heads of political groups that have infiltrated the union leadership, have promoted strikes, demonstrations, road blockades, and violence against citizens and private property, violating the enforced law and disrupting public order and social peace;

The Executive Branch has made its best effort through the holding of a dialogue to resolve the problems raised by the different labor sectors, and ultimately resorted to the good offices of the Catholic Church.

B. [no letter A as heard] In complete disregard of the enforced laws, the Bolivian Labor Federation [COB] has decided to increase measures of force, the holding of fasts, the establishment of road blockades, and the sabotaging of public services, thus posing a threat to social peace and public activities.

C. During public meetings that were in open disregard of the Constitution and the established laws, people have attributed to themselves the prerogatives of popular sovereignty with the intention of establishing organizations in open violation of the Constitution and the enforced laws.

It is the duty of the executive branch to uphold and enforce the Constitution and the enforced laws and safeguard the sovereignty of the nation;

Article 96, Clause No. 18, of the Constitution empowers the president to safeguard and defend domestic order and national sovereignty in view of what is established in Article 111 of the Constitution;

Decrees:

Single article: A state of siege is hereby declared throughout the territory of the nation.

The minister of government is hereby entrusted to enforce and uphold this decree.

Issued at Government Palace in La Paz on 18 April 1995. [end recording]

A new state of siege has been decreed in the country. This event will undoubtedly be registered in Bolivian national history. This news conference was held last night at Government House after the police broke into the Factory Workers Union headquarters at 2115 [0115 GMT] and proceeded to arrest all union leaders who, at the time, were attending an important COB national meeting to decide whether to accept or reject the government proposals presented in the negotiations conducted with the mediation of the Catholic Church.

Minister of the Government Carlos Sanchez Berzain, who had already ordered that Peasant Leader [Special Federation of Tropic Region Peasant Workers, FETCTC, Executive Secretary] Evo Morales be arrested yesterday at 1600 [2000 GMT] in Copacabana, said that the state of siege was decreed after the COB national meeting. Nevertheless, government spokesmen had reported that the state of siege was enforced as of 1800 [2200 GMT] and that this is why it was ordered that all union leaders be arrested and banished to the interior.

Let's continue listening to what Minister of Government Carlos Sanchez Berzain had to say:

[Begin Sanchez Berzain recording] The COB assembly yesterday ended with the issuance of a resolution. Through this resolution, the COB decided to expand measures of force, struggle for all the COB demands, and hold road blockades.

It was also established that in tomorrow's meeeting, the COB would draft a road blockade program and implement a COB plan. This is what was reported by COB Executive Secretary Oscar Salas at the end of the COB meeting.

All journalists who were present at the COB national meeting witnessed how, at the end of the meeting, those present were shouting slogans calling, for example, for road blockades, the meeting of all COB demands, and struggle against the Bolivian Government and the Bolivian state.

[Several journalists ask indistinct questions at the same time]

[Sanchez Berzain] Excuse me?

[First unidentified reporter] When will the arrested union leaders be [words indistinct]

[Sanchez Berzain] We will report soon where they will be (?banished) in keeping with the Constitution.

[Second unidentified reporter] Where are they being kept at this time?

[Sanchez Berzain] They are being kept at the national police. (?We are preparing their) files. Later they will be banished to different places in the interior of the country in keeping with the Constitution.

[Question indistinct]

[Sanchez Berzain] Excuse me?

[Reporter] How many of them will [words indistinct]

[Sanchez Berzain] We will be issuing the pertinent report at the proper time.

[Question indistinct]

[Sanchez Berzain] (?The government) will be issuing the [word indistinct] information.

[Series of questions indistinct]

[Reporter] Did the government decree the state of siege before or after the COB national meeting? [end recording]

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We also asked about the whereabouts of Cochabamba coca farmers leader Evo Morales and whether the state of siege did not imply a lack of respect for the Catholic Church, which had been mediating in the Government-COB conflict.

[Begin recording] [Sanchez Berzain] They are being taken from Copacabana to La Paz.

[Reporter] If the government decreed the state of siege after the COB national meeting, why was Evo Morales arrested at 1630?

[Sanchez Berzain] Well, Evo Morales' case demands a special investigation. In addition to Evo Morales, five other Bolivian leaders were arrested, along with 12 Peruvian citizens, three [figure as heard] Colombian citizens, one Brazilian lady, one Cuban citizen and one European citizen.

We are studying this situation to determine the exact facts. We are verifying the facts, and that is why (?they are being withheld) in Copacabana.

[Reporter] Is it true that [words indistinct]

[Sanchez Berzain] Navy personnel made the pertinent arrests after [words indistinct] because of subversive and seditious activities.

[Reporter] Sir, don't you think the decree of the state of siege shows lack of respect for the Catholic Church, which was mediating in the COB-government conflict?

[Sanchez Berzain] I think this should be explained by Minister of the Presidency Jose Guillermo Justiniano, who has been in charge of this work.

[Justiniano] I would like to say that this is categorically not an indication of lack of respect for the Church. You are perfectly aware that we have been working for approximately two and one half weeks on this and that we have made a very great effort that was completely [words indistinct] by the COB.

Persuant to an announcement issued yesterday, we issued today a report detailing all the results achieved during these negotiations attended by the government, the COB, and the Catholic Church.

The fact that the COB has regrettably rejected this effort made by the Catholic Church indicates that, unfortunately, the COB hardline stance, namely, that of favoring the conflict, a stance or position whereby it had already been announced yesterday morning that these negotiations should not be held with the government, was the one that succeeded. [words indistinct] I believe that both the Government and the Catholic Church made all possible efforts, which unfortunately did not yield any fruitful results. [end recording]

The only natural question to pose was what will happen with the Bolivian free education system.

[Begin recording of unidentified official] The government will make every effort to conduct all pertinent negotiations so that school and academic activities can be normalized as soon as possible. [end recording]

Minister Explains Siege Regulations

PY1904143295 La Paz Radio Fides Network in Spanish 1100 GMT 19 Apr 95

[FBIS Translated Text] Government Minister Carlos Sanchez Berzain said today that the state of siege will be enforced in accordance with the Constitution.

[Begin Sanchez Berzain recording] The Constitution establishes the rules of the state of siege. I can mention a few of them. It is prohibited to carry firearms, knives, or explosives; to hold any kind of demonstrations; to hold meetings involving more than three politicians or union leaders; or to travel without a safe conduct document. The circulation of vehicles and people from 0000 to 0600 is also prohibited except under special authorization issued by the vehicle division of each department. It is also prohibited for businesses, such as restaurants, to be open from 0000 to 0600. Cars with dark tinted glass are also prohibited from circulating. They will be confiscated and released only after the tinted glass has been changed. There are also other measures of this nature. [end recording]

Situation After Siege Implementation Viewed

PY1904175995 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 19 Apr 95

[FBIS Translated Excerpt] We will now hear a report by Evaristo Leon from Tarija:

[Begin relay] Good morning, Jaime. Good morning, listeners of "Encuentro Nacional" [National Encounter]. The truth is that the news on the implementation of the state of siege tonight had the effect of a bucket of cold water here in Chapaca district when the civic reaffirmation march of the Tarija inhabitants was being held. Thus far the Tarija departmental government decree has not been disclosed; only the national government decree. For the time being, we have no information on repercussions. [passage omitted]

As I stated earlier, there have been repercussions in the wake of the earlier arrest of five civic leaders, who were aware that the state of siege could be implemented at any moment. We believe the union leaders have taken refuge, that is, they may have gone underground. At any rate, we will try to obtain more information to convey over our network through Erbol later on. [end relay]

Marco Carrillo will now give us a report from Cochabamba:

[Begin relay] We wish to report that more than 30 union leaders were arrested at dawn today by police and military agents. A large group of Cochabamba leaders has gone underground. Moreover, police and military

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agents have raided houses and even tried to arrest members of the Cochabamba Human Rights Permanent Assembly.

A news conference is supposed to be held this morning to disclose the exact number of people arrested. Even citizens completely unassociated with labor union activities were arrested.

Moreover, reports from the tropical region in Cochabamba state that all the labor unions and federations of the tropical region are in a state of emergency and awaiting instructions to adopt any actions and demand the release of their main leaders currently under arrest. [passage omitted]

We also want to note that Cochabamba is currently occupied by military officers of the Special Forces Training Center and other regiments stationed on the outskirts of Cochabamba. Right now the Army troops are taking control of all access bridges to the city of Cochabamba. [end relay]

Hans Soria, who is attending the meeting that the Federation of Bolivian Journalists was supposed to hold here, reports from Cobija:

[Begin relay] Good morning to the entire country. This is a report from Cobija, Pando, where the temperature is very low. [passage omitted]

Cobija labor and popular organizations indignantly rejected the implementation of the state of siege that restricts the freedom of movement, freedom of assembly, and freedom of expression throughout the national territory. Approximately 50 journalists from Cochabamba, Oruro, and Beni—the latter with labor union representatives from Riberalta, Guayamerin, Santa Rosa, and San Borja—after assessing the situation prompted by the implementation of the state of siege, termed it an arbitrary measure that reflects the government's weakness and President Gonzalo Sanchez de Lozada's incapacity to solve the country's social problems in a peaceful manner, through dialogue and agreements.

Local Chief of Police Colonel Simon Torres has ordered that the city be fully controlled by ordering permanent patrols to ensure that the state of siege is respected. To this end, he immediately ordered the deployment of Armed Forces' troops. [passage omitted]

Erbol unofficially learned that at 0600 today a Bolivian Air Force aircraft arrived in the town of Puerto Rico, some 300 km from Cobija, transporting the first arrested individuals banished to the interior of the country. Another group of banished individuals will be flown to Cabinas Port, 450 km from Cobija, on the border with Peru.

Departmental policemen and Army, Navy, and Air Force troops have, for all practical purposes, taken control of the entire town. [passage omitted] [end relay]

Jaime Pomaraine reports from Oruro. Good morning.

[Begin relay] Good morning, listeners throughout the country. This is a report from Oruro, which awoke to quite a cold morning and semi-deserted streets because urban transportation stopped circulating due to the implementation of the state of siege throughout the country last night. Oruro learned about the implementation of this measure after the police raided the COB meeting in La Paz. At this time, public administration buildings are heavily guarded by military police agents. [passage omitted]

Union leaders who are underground and got in contact with me said that the general strike continues in force, and that during the course of the morning, they will give instructions to continue with the mobilizations despite the government's implementation of the state of siege. [passage omitted] [end relay]

According to an Erbol report datelined Sucre, all the vehicles of the Chuquisaca Regional Development Corporation were used to deploy government agents, who arrested at least three union leaders in Sucre. Relatives of the arrested leaders reported that rural teachers union leader Edmundo Panosa, departmental COB branch member Victor Flores, and health sector leader Marcelo Gonzalez were arrested.

Julia Velasco reporting from El Alto:

[Begin relay] Good morning, Jaime and friends of "National Encounter." First, I want to describe the situation here in El Alto. The citizenry harshly rejects the implementation of the state of siege. [passage omitted]

According to information from people who live near the TAM [Military Air Transport] base, the aircraft transporting the arrested union leaders allegedly took off at dawn today, between 0500 and 0600, but this is not official. It is only information disclosed by people living in the vicinity of the airport. This is all for now. [end relay]

Seen as 'Traumatic' Experience for Citizens

PY1904194895 La Paz Television Nacional Network in Spanish 1700 GMT 19 Apr 95

[Commentary by Carlos Mesa]

[FBIS Translated Text] Bolivia is experiencing very tense and difficult times. Television Nacional journalist Mario Espinoza has just remarked that this is the fourth state of siege to be decreed since democracy was restored in Bolivia in 1982.

Two state of siege decrees were issued during the Paz Estenssoro administration and another during the Paz Zamora administration.

Now let us review the situation that led to the enforcement of this one. Developments in recent weeks have led us to a deadlock situation and to a stagnated dialogue. Many fronts had been established, and they were getting out of control. The starting point was the debate on the

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educational reform and the extremely strong pressure exerted particularly by Teachers Union leaders who demanded the repeal of the entire educational reform bill. They demanded this in street demonstrations that ended in much violence.

In addition to the education reform issue, the COB [Bolivian Labor Federation] believed the administration's salary increase offer was insufficient.

On top of all this, we had pressure from the United States regarding the coca-cocaine issue through which Bolivia was granted a very short deadline to eradicate surplus coca farms. This caused a massive protest from coca producers who disagreed with suggestions by the administration on how to eradicate surplus production.

As if this were not enough, the Tarija Department created its own secessionist government and announced it will elect its own departmental officials for the remainder of the municipal term that expires on 6 August.

The Santa Cruz and La Paz civic committees subsequently expressed support for this movement and announced they will hold a meeting to establish what we believe is an eventual cessation movement in other parts of the country.

This situation complicated things even further, and we were faced with a very delicate situation. It became evident that the teachers were inflexible about their demands, which resulted in a strike that interrupted school activities for over six weeks. Moreover, the administration was unwilling to give up one if its main government programs, that is, the educational reform.

All Bolivian citizens in La Paz, Cochabamba, Santa Cruz, Oruro, and Potosi have experienced very violent situations for the past few several weeks. This violence resulted in injuries to many people, some serious. Fortunately we did not have any deaths but things were becoming unmanageable, and no one knew if officials could control an eventual unnecessary bloodbath.

This is how we should assess the situation, and determine if the state of siege is justified or not. We believe the administration decided to adopt this categorical decision because there was no more room for negotiations. They decided to resolve this situation by imposing their view by force. They said: We will do it whether they like it or not.

The opposition unanimously reacted against it, and some union leaders who have reportedly gone underground insisted they will continue to uphold their position. Experience has shown, however, that during the enforcement of previous state of siege decrees, other union leaders failed in their objectives. The enforcement of state of siege firmly crushes all kinds of social disorders and results in the imposition of measures like No. 21060, and the march for life, that is, the virtual disappearance of the Comibol [Mining Corporation of Bolivia]. [sentence as heard]

The state of siege decreed during the Paz Zamora administration was senseless because there was no danger other than a fast by teachers union leaders. The only objective of decreeing a state of siege at that time was to avoid a partial social disorder.

On the three other occasions, including this one decreed by President Sanchez de Lozada, the administration enforced state of siege decrees for very important reasons: The first to implement an economic stability decree, the second to eliminate Comibol, and this time to implement the educational reform.

This is more or less a preliminary assessment to allow us to understand the reasons for implementing such a radical measure as is a state of siege. Although it is foreseen in the Constitution, a state of siege is, nevertheless, a traumatic experience for all Bolivians.

Catholic Church Condemns State of Siege Declaration

PY2004015795 La Paz Television Nacional Network in Spanish 0035 GMT 20 Apr 95

[FBIS Translated Text] The Catholic Church has condemned the state of siege decreed last night by the government.

The imposition of the state of siege while a dialogue was being carried out by explicit request of the government and the COB [Bolivian Labor Federation] has surprised the Church in its role as the mediator in finding points of agreement. Monsignor Jesus Juarez, executive secretary of the Bolivian Episcopal Conference, today made the following remarks.

[Begin Juarez recording] If all of this is done in the name of the Bolivian Constitution, we also ask, on behalf of the national Constitution, that the people's dignity be respected, and that the appropriate climate be urgently created to build among all the liberty and justice we all desire. [end recording]

Msgr. Juarez added that with this government position a process of dialogue has been severed precisely when we were about to reach a successful end. This happened because of the violent and intransigent attitudes of some radicalized sectors and the restlessness of others.

[Begin Juarez recording] Measures of this kind do not contribute to a fraternal coexistence in the country. [end recording]

The Catholic Church also called on the government to release the union leaders arrested throughout the country.

[Begin Juarez recording] The Catholic Church urges the government to let all those arrested return to their homes. [end recording]

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Msgr. Juarez finally made a call to the Bolivian people.

[Begin Juarez recording] We ask our people to unite in a prayer to find the spiritual strength to allow us to pass from death into life. [end recording]

Arrested COB Leaders Banished to Distant Regions

PY1904155295 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 19 Apr 95

[FBIS Translated Text] The COB [Bolivian Labor Federation] has exhausted the government's patience, and a state of siege is now in force throughout the country.

The government has ordered the banishment of labor union and workers leaders. A short time ago, the president of the Republic had asserted that the Armed Forces would not quash any social movements, however, they were the first to act.

According to an Erbol report, at 0010 on Wednesday, 19 April, President Gonzalo Sanchez de Lozada announced the implementation of a state of siege throughout the country and, through supreme decree No. 23993, refused to continue negotiations with the COB, which were being held with the mediation of the Catholic Church. Previously, security agents violently raided a national leaders meeting summoned by the COB and arrested the COB leadership and all those who were attending the event. All the arrested individuals will be banished to various districts under military control where they will remain isolated from La Paz.

In the meantime, the possibility of continuing the dialogue and negotiations much publicized by the government collapsed. Up to the time of the announcement, the head of state had been attending the premiere of the film "Jonas and the Pink Whale."

Eighteen months after coming to power, President Sanchez de Lozada, with the endorsement of his cabinet, has decided to implement the state of siege, the only measure provided by the Constitution to guarantee governability and state control.

Further on COB Meeting Raid, Arrests

PY1904150995 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 19 Apr 95

[FBIS Translated Text] During the evening of 18 April, hooded plainclothes and uniformed agents raided the COB [Labor Union Federation] national meeting and arrested labor union leaders.

More than 100 hooded police and civilian agents violently raided the building where the national meeting summoned by the COB had just ended and detained many labor union leaders and some journalists.

The operation took place after 2130 on Tuesday, 18 April, at the building located in San Francisco Square.

Among the detained union leaders were Oscar Salas, (Johnny Betron), Lucio Gonzalez, David Olivares, and others who, due to the violence and confusion, were hard to identify.

Of the journalists covering this event, at least three were arrested—Willy Vasquez of Radio Cristal, Gregorio Beltran of Radio Metropolitana, and a reporter of Radio Cruz del Sur.

The violent raid took place after 2130, when hooded plainclothes and uniformed agents reached the upper floor of the building, where they fired at least two tear gas bombs. The atmosphere caused by the chemicals became unbearable. The security agents began pushing people around, hitting individuals with their rifle butts, and using other forms of violence, without taking sex or age into account.

The journalists, who demanded that they be allowed to do their job, were, by way of response, subjected to all forms of violence. They urged the police agents not to commit unnecessary abuses. Several journalists reported that some of the individuals engaging in repressive acts smelled of alcohol.

The agents pulled the women by the hair. A short woman leader of the San Andres University workers was kicked.

Photographers and cameramen were used to take pictures and record the operation to use to advantage. Photographs and videos of media members were also taken. Most of the hooded agents were dressed in a dark blue uniform; others had painted faces partially covered by kerchiefs.

A few hours later, it was learned that the Higher San Andres University was also raided to arrest rural teachers lodged on the university premises.

The same happened at the Mine Workers Labor Union headquarters, to arrest the workers lodged in the building and the leaders who were on the premises after 2200.

According to passers-by, similar operations had been carried out in all the buildings where workers who arrived from various parts of the interior were lodged.

The raid carried out against the COB meeting was followed by a massive deployment of heavily armed policemen deployed to guard the state ministries and strategic points.

Journalists Union Demands Release of Arrested Reporters

PY1904161795 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 19 Apr 95

[FBIS Translated Excerpt] The following is a report with Freddy Morales, the La Paz Journalists Union leader. We must also add that the La Paz Journalists Union has

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issued a communique in which it demands that the government respect the activities of members of the press.

[Announcer] Good morning, Freddy.

[Morales] Good morning, Jaime. Unfortunately, the government has once again trampled on those who have the duty of informing citizens about all national developments.

Journalists, reporters, cameramen, and photographers who were covering the COB [Bolivian Labor Federation] national meeting last night again were brutally beaten by the police. What is worse, the police beat journalists despite the fact that the latter showed the police their press credentials.

We are also worried because at least six journalists were detained during the massive arrests that ensued at the COB meeting. In our capacity as Journalist Union leaders, we have contacted government officials to verify whether they have complied with what was announced when the state of siege decree was issued; namely, that all journalists who allegedly were erroneously arrested have been released.

We have as yet no confirmation of this fact. According to preliminary reports, a total of six fellow journalists were reportedly arrested last night. This report has yet to be confirmed, however. We are still trying to obtain official information.

[Announcer] Thank you very much. That was Freddy Morales, the La Paz Journalists Union leader, who reasserted that they will demand that the pertinent authorities respect freedom of the press.

Minister of Government Sanchez Berzain has said that he will personally see to the release of those journalists who were arrested. He also urged all journalists to understand the drastic measures that must be adopted in these sorts of operations, even if violence is involved.

Sanchez Berzain said: It is our desire not to restrict the freedom of the press, but on behalf of the government, I would like to request the cooperation of the media, because the country is experiencing an exceptional situation.

According to Sanchez Berzain, there was no violence during the raid of the COB meeting held at the Factory Workers Union headquarters because all constitutional and human rights guarantees were upheld.

Journalists who were present at the site, however, said that the police seized their work materials and that they aggressively impeded the accomplishment of their task.

Sanchez Berzain said that in the future, all Bolivians must be extra careful not to expose themselves while carrying out their private activities. [passage omitted]

Human Rights Commission Terms COB Raid, Arrests 'Illegal'

PY1904185495 La Paz Television Nacional Network in Spanish 1700 GMT 19 Apr 95

[FBIS Translated Text] The Human Rights Commission has condemned the government decision to implement a state of siege.

In the commission's opinion, the raid on the COB [Bolivian Labor Federation] national meeting last night and the arrest of COB leaders was illegal because the state of siege had still not been implemented.

It should be recalled that the raid took place at approximately 2115 and the state of siege was officially implemented at approximately midnight.

[Begin unidentified commission representative recording] We believe this is an illegal action because those arrests should not have been made before this measure implemented by the government was published. In this regard, Article No. 15 of the Constitution clearly states that any public servant who, without the implementation of a state of siege, adopts measures to persecute, banish, or arrest individuals, etc., is liable to the corresponding penal action. [end recording]

This may be the reason why the Human Rights Commission could start legal proceedings against the government, beginning with the filing of a writ of habeas corpus on behalf of all those who were arrested.

So far the commission does not have an official list of arrested individuals, but for the time being it is busy clarifying and denying international reports that talk about a coup d'etat in Bolivia, as well as denouncing the government's attitude at the international level.

[Begin unidentified commission representative recording] In the first place, we are reporting the government actions to the international community, to Amnesty International and other international organizations, including the OAS, the United Nations, and others, so that one way or the other, people abroad may learn that human rights are violated in Bolivia even though we live under a system of constitutional government. [end recording]

Police Close COB, Teachers Federation Headquarters

PY2004015095 Madrid EFE in Spanish 2128 GMT 19 Apr 95

[FBIS Translated Text] La Paz, 19 Apr (EFE)—The police today closed the headquarters in La Paz of the Bolivian Labor Federation (COB), the main Bolivian union organization, as one more measure among those implemented as a result of the state of siege decreed today by the government.

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The main COB leaders, among them its Secretary General Oscar Salas, have been banished to various points of the country.

Some leaders of that union organization succeeded in escaping the police arrests and have gone "underground," and for this reason they succeeded in contacting the main communications media from public telephone booths.

The Bolivian police today also closed the headquarters of the teachers' association where the La Paz urban teachers association members meet, while a permanent watch has been imposed on the offices of the Bolivian urban and rural teachers federations to control the incoming and outgoing people.

The Bolivian public teachers have been on strike for over a month, one of the main reasons that led the government to decree the state of siege.

The police detentions, which began on the afternoon of 18 April, continued today.

In Sucre, the Bolivian capital, at least 10 people were arrested by the police under the Act of Good Government in effect in this department due to the state of siege declared in the country.

Deputy Morgan Lopez, of the opposition Movement of the Revolutionary Left (MIR), has reported that several teachers union leaders were arrested this morning and that their homes were raided without a judicial order.

Sucre, as did La Paz, the seat of government, and other Bolivian towns, today woke up with the unusual presence on the streets of police or military troops in camouflaged uniforms.

Waldo Albarracon, president of the Bolivian Permanent Human Rights Assembly, today expressed his concern over the state of siege decreed by the government, and added that there are no reasons to justify the exceptional measure. Albarracon explained that according to the Bolivian Constitution a state of siege can be contemplated only in exceptional cases of social agitation or internal war, which was not the situation in the country. He added that abuses have been committed.

Carlos de Chazal, president of the Bolivian Private Businessmen's Confederation (CEPB), stated today that this state of siege is a result of the intransigence both of the government and of the COB, which could not reach agreement through the mediation of the Catholic Church.

De Chazal said that nothing can be said yet about the effects of the measure, but that at least it will impose some order in the country, especially in the commercial area, which was affected in its activities due to the street marches and especially by the violent confrontations between teachers and police troops.

Coca Leader, Various Foreigners Arrested in Copacabana

PY1904130395 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 19 Apr 95

[FBIS Translated Text] Erbol reports that Evo Morales, leader of the coca leaf growers, was arrested yesterday afternoon.

Government Minister Carlos Sanchez Berzain said that Morales is being transferred from the town of Copacabana to La Paz, and that his is a special case.

The minister explained that, in addition to Evo Morales, five other Bolivian leaders, 12 Peruvian citizens, two Colombians, one Brazilian woman, one Cuban, and one European citizen were arrested, and that the reasons behind the meeting these people were holding in Copacabana—a border town on Lake Titicaca, a few minutes from the Peruvian border—are being investigated.

Sanchez Berzain added that on Wednesday, 19 April, the media will publish the government decree specifying the restrictions established by the state of siege.

He said that the government does not want to restrict freedom of the press but, on the government's behalf, urged the media to cooperate because the country is under a state of siege. He added that he hoped the media will cooperate by disseminating adequate and accurate information that strictly reflects reality.

Moreover, Minister of the Presidency Guillermo Justiniano, who was in charge of the negotiations, said that they had been working for the past two weeks, and the progress of the negotiations had been disclosed. Nevertheless, the fact that these efforts, in which the Catholic Church participated, were not acknowledged by the COB [Labor Union Federation] reveals that the COB hardline sector's stance, that of seeking confrontation, prevailed.

Brazil

War College Uneasy Over Military Rapprochement With U.S.

PY2004024895 Sao Paulo GAZETA MERCANTIL in Portuguese 18 Apr 95 Special Section p 5

[Article by Maria Cristina Fernandes]

[FBIS Translated Text] "We should do everything the Americans do not want us to do." Air Force Lieutenant Brigadier Sergio Xavier Ferolla spent two years receiving a military salute whenever he said those words at the War College [ESG].

Ferolla stepped down as ESG commander last week, but the old nationalist Armed Forces stronghold remains faithful to its origin. The signs of a U.S.-Brazilian rapprochement in the military area have caused uneasiness among permanent ESG officers.

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A simple reference to the Brazil-United States agreement of 1952, which might serve as a platform for this rapprochement, serves as the fuse. "The agreement has not only delayed the development of our military industry, but has also made us dependent on the strategic-military dictates of the Americans," says Colonel Nelsimar Moura Vandelli, director of the ESG Center for Strategic Studies.

The breaking of the agreement in 1977 by the administration of General Ernesto Geisel made this former president one of the most popular military regime leaders in the eyes of the ESG. "He was the last breath of Brazilian nationalism," Col. Vandelli notes.

Even if the agreement is limited to technical and financial support for research in the area of tropical diseases that are endemic in the Amazon region, some Armed Forces sectors that remain loyal to former President Geisel do not like the rapprochement.

Says a general of the high military command linked with the former president: "Medical assistance is a facade. They always wanted that. After sending one mission, they will send others."

The Brazilian Armed Forces high command—whose recent positions, like failing to commemorate the 31st anniversary of the military coup on 31 March 1995, have displeased the ESG—has not denied the rapprochement.

Rapprochement Advocates

General Benedito Bezerra Leonel, an Armed Forces Staff member, says that "the current international situation favors rapprochement with the United States." He denies that a formal military agreement will be signed, but notes that in the "sine curve" (of ups and downs) marking relations with the United States, the current phase is one of "cooperation."

The position of the new ESG commander, Air Force Lieutenant Brigadier Massao Kawanami, with regard to a rapprochement with the United States, is closer to that of the military ministers. "Under the current circumstances I favor rapprochement," Kawanami said.

The most feared consequences of a military rapprochement between the two countries refer not only to the Brazilian military industry—which today has been reduced to one-third of the levels at which it stood in the golden 1980's—but to areas in which the Armed Forces of the two countries have adopted traditionally opposed positions, such as in drug enforcement and the reduction of Brazilian Army troops.

Says Brigadier Sergio Ferolla, a former ESG commander: "We are not the police, but they undoubtedly want to transform us into that." Permanent ESG officers have the general impression that the first battle against the Armed Forces' "devotion to police action" has been lost with the military operation in Rio de Janeiro. "They managed to make us occupy Rio de Janeiro, and now they will want to send us to the borders," says Colonel Roberto Machado de Oliveira Mafra, a member of the ESG Doctrine and Research Department.

The military are afraid that Brazil may "succumb" to the same type of agreement that the Americans have already managed to sign with Amazon border countries like Peru, Bolivia, and Colombia.

In the Armed Forces' internal debates there is no agreement on the reduction of Army troops, but officers who are in favor of the initiative reject U.S. pressure on the subject.

"Twenty years ago they wanted us to arm ourselves and to improve our recruiting. Today they want us to reduce our troops and restrict the development of our military industry," says Colonel Raymundo Guarino Monteiro of the ESG Doctrine and Research Department. He said that for the ESG this is the core of the rapprochement strategy being promoted by the United States after the Cold War. In the opinion of the ESG, after the end of the U.S.-USSR polarity the Americans lost their interest in having armed allies. And for national security doctrine designers, this is a battle that the Brazilian Armed Forces should not lose.

Senate Committee Postpones Vote on Patent Bill

PY1904144995 Sao Paulo AGENCIA ESTADO in Portuguese 1418 GMT 19 Apr 95

[Report by Marcos Magalhaes]

[FBIS Translated Text] Brasilia, 19 Apr (AE)—The Senate Constitution and Justice Committee will not vote until 26 April on the patent bill, which President Fernando Henrique Cardoso would like to see rapidly approved. On 19 April the vote was postponed until next week because several senators have requested more time to study the bill. According to Senator Elcio Alvares (PFL-ES) [Liberal Front Party-Espirito Santo], the government leader in the Senate, the bill will be approved on 26 April and passed on to the Economic Affairs Committee. Alvares said: "The Senate plenum will be discussing the patent bill by June."

ESCA Head Addresses Congressional Committee on Sivam

PY2004030395 Sao Paulo AGENCIA ESTADO in Portuguese 2301 GMT 19 Apr 95

[Report by Mara Bergamaschi]

[FBIS Translated Text] Brasilia, 19 Apr (AE)—The ESCA [Automation and Control Systems Engineering] enterprise, which was selected without a bidding process to manage the Amazon Region Surveillance System (Sivam), will be again investigated by the Chamber of Deputies. ESCA President Steve Ortiz today failed to explain to the Committee for the Defense of Consumers and the Environment the debt that the enterprise owes to

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the Social Security System. Furthermore, during a three-hour session Ortiz revealed facts that are considered "jeopardizing" even for the government.

According to Ortiz, despite the fact that the foreign financial resources destined for ESCA amount to $250 million, only $140 million will be used for paying for the enterprise's services. The remaining $110 million, Ortiz said, will be used by the government for purchases and contracts made with ESCA operating as the middleman. "I recommend that you explain this in writing, because this triangle operation could be jeopardizing even for the government," PFL [Liberal Front Party] Deputy for Maranhao Sarney Filho, the committee chairman, said.

"This information is very serious, and shows the degree to which Sivam negotiations were made without transparency," PV [Green Party] Deputy for Rio de Janeiro Fernando Gabeira said. Gabeira was the author of the request to summon Ortiz. After being alerted by Sarney Filho, Steve Ortiz, who had been interrogated by PT [Workers Party] Deputy for Sao Paulo Arlindo Chinaglia, refused to give details of the distribution of the loan to be granted by the U.S. Eximbank.

Ortiz made other statements that were considered controversial. He said that Raytheon—the U.S. enterprise that was chosen to supply equipment and software worth $1.4 billion for Sivam—"would love to do everything by itself in Brazil." He also said that the relations between ESCA and Raytheon had "moments of friction." "It was hard to make them understand that they could not be given broader participation, that they could not become involved with the strategic part of the information," he said.

In a three-hour statement the ESCA president did not clear up any of the doubts about the debt that the enterprise owes to the Social Security System. He first said he was "unaware" of the charges that ESCA had presented false contribution forms to the Social Security System. "We pay our taxes, and we are up-to-date with the Social Security System," he said several times. Despite this remark Ortiz did not show any documents proving his contention, and did not authorize the committee to check his enterprise's accounting records either, as had been requested by Deputy Chinaglia, who had pressed the charges.

Ortiz, who was born in Ecuador but has obtained U.S. citizenship, was also interrogated about the fact that he was managing a national security project even though he was not a Brazilian. Steve Ortiz, who claimed to be "a Brazilian by heart," said that the issue—which was raised by Chinaglia—reflected "xenophobia." "From a political viewpoint, your status as a foreigner is a factor that permanently harms the morale of those who demanded that a national enterprise be contracted to guarantee Sivam's strategic information," Gabeira said ironically.

In the morning, Raytheon Vice President James Carter reported to the committee. Contrary to what the Thomson company representative in Brazil said on 18 April, Carter contended that the technology of the Amazon surveillance system is modern and appropriate for Brazilian Government objectives. He denied the charges of irregularity pressed against Raytheon. "We are an ethical, honest enterprise," he said.

In New York, Planalto Palace spokesman Sergio Amaral said that the government will not interfere with the investigation into Sivam. "The government wants only to have everything cleared up," he emphasized.

Finance Minister Malan Interviewed

PY1804231795 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Apr 95 p B7

[Highlights of "exclusive" interview with Finance Minister Pedro Malan by unidentified O ESTADO DE SAO PAULO reporter in Brasilia; date not given]

[FBIS Translated Text] [O ESTADO] Has the Central Bank refrained from modifying reserve requirements for banks, or adopting measures to keep a tight rein on consumption?

[Malan] One must differentiate between the two. The present reserve requirements—which have been in effect since 1 July 1994—cannot last for ever. The reserve ratio varies according to different types of deposits and this gives rise to some distortions.

[O ESTADO] Still, Central Bank President Persio Arida has said changes in reserve requirements would further reduce liquidity.

[Malan] We check the growth of consumption every day. We have been doing so since we launched the real on 1 July 1994. Sometimes we tighten up controls and other times we make them more flexible. If we are convinced the situation warrants prompt action we will not hesitate to act accordingly. It is pointless to announce what and when it will be done.

[O ESTADO] Will the 40-percent increase in the minimum wage—as of 1 July—exert additional pressure on consumption?

[Malan] Consumption by low-income people should not be influenced since it is already extremely restricted.

[O ESTADO] This is all very complicated, isn't it? Construction materials have increased by 5.17 percent; other prices are going up as well. Then there is the question about the purpose of the IPC-r [restricted Consumer Price Index] ...

[Malan] You know there will be a further de-indexation of the economy as of the second half of the year.

[O ESTADO] Will this be restricted to salaries alone?

[Malan] No, not just to salaries. We are currently studying whether to apply it to the TR [Reference Interest Rate] and the Ufir [Reference Fiscal Unit].

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[O ESTADO] What will happen to prices indexed to the TR, the IPC-r, and the Ufir?

[Malan] When I talk about a further de-indexation of the economy, I see it as a gradual process that started with the implementation of the URV [Real Value Unit] in March 1994. We have since adopted several measures; like the one forbidding the adjustments of some types of contracts for a period shorter than a year. We are continuing with that effort, which will be gradual. In this case, now, it will have to be renegotiated.

[O ESTADO] Will the further de-indexation of the economy take place even within a context of creeping inflation?

[Malan] Why not? Precisely because of that. As to that question of creeping inflation, one should recall what has happened. If we plot an inflation curve we will see that from July to September 1994, it dropped; it rose again in October only to fall again. Many people got hold of this graph and extrapolated that inflation would run at 5-6 percent in December and increase even more in January due to the beginning of a new calendar year. They predicted catastrophic scenarios of rampant inflation. At that time we has seasonal problems of drought in some areas and floods in others ... To cap it all, given the Brazilian tradition that prices always go up but never down, the public estimated that inflation would edge up. And yet, the monthly inflation average in the first quarter of 1995 was 1.3 percent with an accrued inflation of 3.9 percent for that quarter, which is the lowest inflation rate in the last 26 years. I do not see the rationale behind using the projected April inflation to estimate the cost of living for the coming months because prices may go up in a given month and then go down in another.

[O ESTADO] Brazil is one of the few countries that has not defaulted on its foreign liabilities, despite the loss of foreign exchange reserves triggered by the exchange crisis in Mexico.

[Malan] Last week, Brazil repaid $1.6 billion in interest on external debt bonds. This is extremely revealing—it is proof of our confidence in our ability to honor our commitments. We are going to turn round our foreign trade situation and have a large trade surplus in 1995.

[O ESTADO] What scenario does the government envisage?

[Malan] Brazilian exports have been exceptional. In 1994, they amounted to $43.6 billion—producing a $10.4-billion surplus. In January 1995, exports attained an all-time record, and in February—which ended on 24 February due to Carnival holidays—we also had record exports compared with any other February; they were 20 percent higher than in January. We will attain an all-time record in March with exports growing by at least 27 or 28 percent on the previous month.

[O ESTADO] Does this result stem from the measures the Cardoso administration has adopted?

[Malan] That is so in the case, for example, of the correction in the band through the devaluation of the real in relation to the dollar. The devaluation of the dollar against the mark and the yen increased the competitiveness of our exports to areas of influence of those currencies. Last week we implemented tax exemptions for exports to the tune of 5.37 percent. Exports during the first three months were excellent compared to anything before. We are convinced that the measures we have recently adopted will markedly reduce the growth of imports.

[O ESTADO] Is it not worrisome that in March imports amounted to $17 billion?

[Malan] They are not imports that will actually be made. A large part of the figure was for cars. For this reason we decided to implement a 70-percent tariff for some 100 products. Many people said the increase was too much, yet the NEW YORK TIMES on 13 April reported that the United States is planning to increase tariffs on Japanese products by 100 percent.

[O ESTADO] Was the exchange rate adjustment and the importation restrictions enough to balance the incoming and outgoing flow of currency?

[Malan] In the commercial exchange sector, the balance has always remained positive, reaching $485 million in January, $1.256 billion in February, and $330 million in March. The balance continued to be positive in April. As for financial operations, the balance—which had been negative—has been almost compensated for in April. That is to say the positive balance of the commercial exchange sector is compensating for deficits in the financial area. This is signaling a change with respect to what happened in the first quarter. Currency outflows are decreasing.

[O ESTADO] Has the country stopped losing reserves?

[Malan] We are practically at that point. Direct investment is coming, which is the type of investment that we want to attract. A part of these imports are financed, and this has positive effects on the capital account. Some are financed on a long-term basis. We will improve this situation this year.

[O ESTADO] There is then no exchange rate gap problem, right?

[Malan] The adjustment was made in the first week of May by setting a band ranging from 0.88 reals [R] to R0.93 to the dollar. Opening futures market prices for May stood at below R0.92. In the most agitated week, prices reached R0.945. On 12 April, the market closed at R0.906, right in the middle of the band established by the government. The adjustment of the band, the effect on the dollar devaluation, and tax exemptions should all be taken into account. The exchange rate is not the only

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variable in the remuneration of exporters, or the only factor that defines the course of exports.

[O ESTADO] Then the government will not use the exchange rate as an exportation policy instrument, right?

[Malan] I wanted to say that we decided not to return to the previous system, in which the exchange rate was precisely adjusted on the basis of the daily inflation rate. That is a mechanism for perpetuating and expanding inflation. The band system allows several possibilities, and we will improve it with time. I believe it is the most appropriate system for the country.

[O ESTADO] Do you want clearer rules to end price fluctuations and speculation on the market?

[Malan] No, no. This band will stay there for a long, long time. It will prevent speculation that things can change at anytime, even tomorrow, by surprise, if the government fails to reassure that the band will be stable and valid for everything.

Justice Minister on Constitutional Reform

PY1804230195 Sao Paulo FOLHA DE SAO PAULO in Portuguese 14 Apr 93 Section 1 p 4

[Interview with Justice Minister Nelson Jobim by Silvana Quaglio; place not given]

[FBIS Translated Text] [Quaglio] Did the government imagine that it would be so hard to have the constitutional reforms approved?

[Jobim] We expected an organized reaction. Economic reform projects are awakening fewer reactions than we expected.

[Quaglio] In the social security sector, however...

[Jobim] We expected a reaction. What we find curious is the alliance between the self-styled leftist populist sectors and the middle and high classes, which seeks to use the social security reform as an instrument for political attack against the government.

The left is using retired workers as a mass for its maneuvers. The street movements are not spontaneous. They are masterminded by populist leftist sectors, which want to create a crisis within the government.

[Quaglio] Has the pro-reform atmosphere already been destroyed? Is there still time to reverse the situation?

[Jobim] The situation can be gradually reversed, especially taking into account that the social security reform will not resolve the government's problem.

The reform will yield its results within a few years, as the transition moves forward. The proposal is to remove the subjects from the Constitution, keeping the current system until the new vote.

[Quaglio] How is it possible to break the alliance between leftist populism and the middle class?

[Jobim] The debate should be broadened in order to show that retired workers are being used as a mass for maneuvers by the sectors that do not want to be the losers.

I believe retired workers, pensioners, and even workers earning one or two minimum salaries will hardly take to the streets to defend special retirement allowances. It is the retirement allowances of privileged sectors that are currently at stake.

[Quaglio] No one will therefore lose with the proposal?

[Jobim] The proposal seeks to put an end to privilege. Nothing has changed for current retired workers or for those who might have already retired but are still working. The system will change only after the approval of a supplementary law.

Until then, the rules are still subject to discussion. The approval of the constitutional reform will obviously bring about changes for some professional categories, in which it will no longer be possible to retire after 25 or 30 years of work.

Concerning seniority, the reform will end the special retirement allowances currently provided for by the Constitution.

[Quaglio] Some people have said that the proposal is unfair because it does not take into account those who began to work at 14 or 15 years of age.

[Jobim] Those who began to contribute earlier will retire before the minimum age, because the proposed model provides for retirement criteria based on either a minimum age or the period of contribution.

[Quaglio] Are special retirement allowances the dominion of certain labor categories?

[Jobim] Some years ago the social security system was used for resolving the problem of the low salaries earned by some labor categories. Because salaries could not be increased, work periods were reduced in order to resolve a budget problem.

A retired worker can earn another salary, because he is still young enough to work. This cost is paid by the people.

[Quaglio] Is that also the reason for the full retirement allowances paid to public servants?

[Jobim] The government wants to know who will pay for it. Calculations show that the contribution paid by each worker is not enough to earn 100 percent or more of the salary he was earning at the time he retired.

What the government does not want is to introduce this cost in a tax that will increase the price of bread or milk.

I have already told the representatives of judges that we have nothing against it, provided people want to pay for it.

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[Quaglio] And what about the petroleum monopoly?

[Jobim] We offered to keep the Union's monopoly with the of possibility of allowing the Union to contract the private sector for taking care of some or all the activities that are part of that monopoly.

[Quaglio] Will the Petrobras [Brazilian Petroleum Corporation] monopoly be terminated?

[Jobim] Petrobras will become a mechanism—yet not the only one—through which the Union will exercise its monopoly.

The real content of the proposal is to let Congress and the executive branch make national petroleum policy decisions through the law.

Congress today has no influence on that business, as the monopoly is exercised through Petrobras.

The constitutional amendment allows—but does not compel—the exercise of the monopoly through the private sector.

[Quaglio] Could the issue become hot?

[Jobim] The assets belong to the people, not to Petrobras' engineers.

[Quaglio] Congressmen have contended that approving the reforms without knowing the regulations is equivalent to giving a 'blank check' to the government.

[Jobim] There is no blank check. If the government proposes the exploitation of telecommunications services by the Union or through franchises, it is obvious that the Law on Franchising will have to be enforced in order to permit the participation of the private sector. When the reform is approved, the Law on Franchising will have to be adjusted.

[Quaglio] Why doesn't the government outline those models before the approval of the amendment?

[Jobim] The Law on Franchising has already been approved. The point is to update it. Negotiations center around the principle of separating what is a constitutional matter from what is a government policy.

[Quaglio] The opposition has already prepared for the possibility of the government policy seeking to privatize telecommunications companies and Petrobras.

[Jobim] The government proposal is to promote development. The position you have mentioned is backed by the corporatist interests of state-run companies, which want to keep the service inefficient.

The government wants good quality public service, which does not mean it will be good only if rendered by public enterprises.

[Quaglio] Will the government have instruments for supervising that?

[Jobim] Obviously. Fine regulatory instruments will be needed, like agencies linked with Congress.

Minister Criticizes Government Social Action

PY1904193595 Sao Paulo AGENCIA ESTADO in Portuguese 2023 GMT 18 Apr 95

[By Joao Domingos]

[FBIS Translated Text] Brasilia, 18 Apr (AE)—Communications Minister Sergio Motta, the main interlocutor of President Fernando Henrique Cardoso, today shocked the PMDB [Brazilian Democratic Movement Party] bloc with a strong attack on the government's lack of political initiative in social areas—especially in the Community in Solidarity program, whose political council is presided over by First Lady Mrs. Cardoso—and in the areas of the education and health ministries.

Motta criticized the government's work in the social area during a meeting with PMDB lawmakers in the Chamber of Deputies. PMDB Deputy for Santa Catarina Edinho Bez said: "We noted that the government lacks initiative in the social area, because the minimum salary will be increased to 100 reals, and the entire credit is going to the PT [Workers Party]." He added that "we are lacking perseverance to support the government." Motta reacted at once: "I hope the lack of perseverance is not an evaluation of the government's performance."

The minister then started to criticize—though still timidly—the government's efforts in the social area, while defending the economic stabilization program. When PMDB Deputy for Sao Paulo Jose Pinotti criticized the lack of public policies for the social area, Sergio Motta intensified his criticism, recalling that he was speaking as a citizen and not as a minister.

Motta said the education sector is not being properly managed, and that the health sector—despite the fact that Health Minister Adib Jatene "is doing a good job"—needs more aggressiveness. Concerning the Community in Solidarity program, he was more severe: "It has not yet presented concrete measures; minimum initiatives are necessary." Motta continued with his criticism: "Please excuse me for this expression, but sociological masturbation [masturbacao sociologica] irritates me," he said.

"Economic growth is achieved with capital, and the fight against misery is waged by the government," he said. "The rest are false rumors." Still shocked, the PMDB deuties listened to more criticism from Sergio Motta: "The government has made some campaign promises; some of them are being complied with, while others are not." He said the project for developing the country calls for social policies. "The president has insisted in order to overcome some shyness."

According to the minister, President Fernando Henrique Cardoso knows that it is necessary to have policies for the health sector, and that it is necessary to introduce

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changes in the education area. "The Education Ministry is a pachyderm that can do little in the elementary school area." Despite his criticism, he tried to avoid blaming Education Minister Paulo Renato Souza. After the debate, still tense with the words he uttered, the minister softened his criticism: "It was Paulo Renato, who is my friend, who alerted me about the problems in the education sector," he said.

He also criticized the government's weak communications, which have failed to properly depict the importance of the stabilization of the economy. The minister ended his criticism by saying that the general opinion within the government—even the opinion of the president himself—is that "the social area is timid."

Denies Having Criticized Government

PY1904202395 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 19 Apr 95

[FBIS Translated Text] Communications Minister Sergio Motta has issued a statement to make it clear that he did not criticize the government during a debate at the Chamber of Deputies about the proposal to ease the government's monopoly on telecommunications.

Motta said the remarks attributed to him are merely scattered phrases taken out of context and that it would suffice to listen to the tape of the debate to support his denial.

Bank of Brazil Reopens Lines of Credit for Farmers

PY1904224895 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 19 Apr 95

[FBIS Translated Text] Effective today, the Bank of Brazil [BB] is reopening its lines of credit for the agricultural harvest. Initially the BB will earmark 150 million reals for agricultural loans.

The new loan contracts will be subjected to correction by the Reference Interest Rate [TR] until the government promulgates the bill overriding the presidential veto of the law that eliminated the TR as a reference index for correcting agricultural loans.

Acting Finance Minister Pedro Parente said the government has adopted the decision to reopen the lines of credit based on the opinion of the Finance Ministry's legal office.

[Begin Parente recording] It has been concluded that as long as the bill overriding the presidential veto is not promulgated and published, it is not in force; that is, it has not repealed the legal provisions now in force. [end recording]

New agricultural loans will be subject to a 6 percent annual interest rate and half of the TR when the borrower is a small farmer; and the full TR and a 12 percent annual interest rate if the borrower is a medium-sized or large scale farmer.

Agriculture Minister Jose Eduardo de Andrade Vieira yesterday described the BB decision to reopen the agricultural lines of credit as a good will gesture by the government. He noted, however, that these loans will be suspended again as soon as the congressional decision suspending the use of the TR as a reference index is published in the DIARIO OFICIAL DA UNIAO.

Andrade Vieira supports the elimination of the TR and of all other reference indexes for agricultural loans. He reaffirmed, however, that the government needs to find other solutions to guarantee the loans. He announced that the economic team is studying as an alternative the use of the Severance Pay Fund and foreign loans.

Speaking to agriculture secretaries of the states yesterday in Brasilia, Andrade Vieira admitted that the farmers may not make any profit from this harvest, and that solutions ought to be found to prevent a smaller crop next year. He encouraged the secretaries to propose alternatives to the economic team to keep the rural loan program in place.

Chile

Formal Technical Meetings for NAFTA Entry Postponed

PY2004004395 Madrid EFE in Spanish 1624 GMT 19 Apr 95

[FBIS Translated Text] Santiago, 19 Apr (EFE)—Juan Gabriel Valdes, coordinator of the Chilean negotiating team, confirmed today that the start of the formal technical meetings for Chile's entry into NAFTA has been postponed until the month of May.

The formal technical meeting was to have begun this week, but it was decided that it should precede the start of the ministerial-level meetings slated for the end of May in Ottawa, Valdes said.

The technical meetings scheduled to be held today and tomorrow in Santiago, with the participation of representatives of the member countries of NAFTA (Canada, the United States, and Mexico) and Chile, will thus be informal in nature, Valdes added.

Seven representatives from Canada, eight from the United States, 10 from Chile, and one from Mexico are participating in those meetings, the objective of which is to exchange information on the laws and institutional systems of the four countries.

The presence of a single Mexican representative is explained by the fact that that country has sufficient information about Chile as a result of the bilateral free trade agreement that has been in effect since 1991, Valdes said. He added that the Mexican delegate will discuss only those aspects that have not been included on the agenda of the administrating commission of that agreement.

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Valdes, the former Chilean ambassador to Spain, added that contacts at government level will begin without U.S. President Bill Clinton's request to the U.S. Congress for the approval of a quick negotiation mechanism (fast track) for Chile's entry into NAFTA.

According to Valdes, the U.S. Congress could yet take several months to approve the fast track, as it has been very busy in intensively discussing domestic affairs, which are priority for the new Republican majority.

He added that in his judgement it is unlikely that President Clinton's administration would submit the fast track negotiations request to Congress before September 1995, but that a clearer position on this would be learned at the ministerial-level meeting in Ottawa.

The negotiations timetable will be established, the working teams will be organized, and the priorities will be established at that meeting, and for this reason Chile expects an indication from the U.S. Administration about the fast track, the Chilean negotiator said.

Concerning the speed of negotiations, Chilean Foreign Minister Jose Miguel Insulza has criticized the "obsession" of some national sectors with concluding them this year.

According to Insulza, accelerating the development of the situation could lead to making ill-considered concessions, which could in the end have negative results for the country. He added that Chile's entry into NAFTA does not depend on its sound economy only.

Moreover, Insulza added, if the reason for entering NAFTA is to increase investments, "then this has been fulfilled with the sole fact that Chile has been invited to participate," and therefore "it is unnecessary to negotiate everything within a few months."

Colombia

Alleged Attempt To Censor SEMANA Described

95CA0180A Santa Fe de Bogota EL ESPECTADOR in Spanish 4 Apr 95 p 11A

[FBIS Translated Text] High-ranking officials at the Casa de Narino [Presidential Palace], a number of ministers and agents from two state security agencies applied heavy pressure to the periodical SEMANA to prevent the publication of an interview with "Maria," considered one of the key witnesses to be presented by U.S. Senator Jesse Helms during the much talked-about debate on Colombia.

This newspaper has learned that the 6-page article in question, published in the standard question-answer interview format, underwent substantial modifications as a result of the censorship attempt.

In addition, the banner was changed three times. The original version carried the headline "Helms' Hidden Card," which became "Helms' Fraud" as a result of initial pressure. The version in print is titled "Helms' Show."

This disturbing situation, which veteran newsmen claim not to have seen since governments in the 1950's, reached such a point that one individual, whose last name is Garzon and who identified himself as a member of the Presidential Palace Security Office, wangled his way into the staff room yesterday by using a ruse on the receptionist, to wit, that he was on his way to the Circulation Department to settle a delivery problem.

Once in the staff room, Garzon conducted a kind of poll of newsmen present at that hour of the morning, 0900 hours, inquiring which ones among them favored publication of the interview with Maria, Senator Helms' witness.

He also inquired about persons who had worked on the interview with the aforementioned informant.

The suspicious attitude of the visitor caused employees to ask for his identification, upon which the individual produced a credential from the Casa de Narino Security Office and said he had been sent by a Captain Rodriguez.

SEMANA officials immediately contacted the Presidential Palace to protest the unusual occurrence.

Pressure on the periodical began early Saturday morning when publication of the issue was blocked. Nor was its main story the same in style or form as the one now in print, even though it was ready to go to press.

Officials at the publication calculate that since that time, no fewer than 17 calls have been made to top executives. Felipe Lopez is in new York and the insistent calls have even reached him there.

On one morning last week, a pickup truck from a state security agency parked opposite the Tecimpre Press.

A young blond woman got out of the vehicle claiming to be sent by a SEMANA executive for the purpose of halting publication of the pages containing the interview with Maria.

Press employees said they could make no changes without previous authorization.

Secret agents visited company premises no fewer than six times between Saturday and Sunday.

As reported, the article on the witness known only as "Maria" began with a brief introduction, followed by the actual interview that ran over six pages.

In her statements, the informant referred to the alleged payment of monies by the Cali Cartel to Ernesto Samper's presidential campaign in 1989.

The lengthy dialogue was followed by two pages of questions about the woman's story asked by the periodical.

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In the edition now in print, both articles have been merged into one as a result of pressure brought to bear. [passage omitted]

'Massive Search' Under Way For 2 Kidnapped Italians

LD2004094295 Rome RAI Uno Television Network in Italian 0900 GMT 20 Apr 95

[FBIS Translated Text] A massive search is under way in Colombia to try and find two Italian workers who were kidnapped yesterday. The two workers are Salvatore Rossi, from Terni, and Giuliano Ponzanelli, from La Spezia. They both work for an oil refinery. Their kidnappers are probably guerrillas from the National Liberation Army.

Ecuador

Third Stage of Troop Separation Ends

PA2004034395 Quito Voz de los Andes in Spanish 1700 GMT 19 Apr 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The third stage of separation of Ecuadoran and Peruvian troops from the area of conflict ends today under the supervision of military observers of guarantor countries of the Rio de Janeiro Protocol. On Thursday, the fourth stage will begin, and the mission of military observers has requested the withdrawal of Ecuadoran and Peruvian troops, the Ecuadoran Foreign Ministry said.

The separation of troops is one of the phases of the Itamarty Peace Agreement signed by Ecuador and Peru that calls for the withdrawal of soldiers to rear guard posts in the border area of the two Andean countries.

The two countries took part in bloody clashes in an unmarked jungle area that left numerous dead and wounded.

The peace treaty includes a cease-fire, the separation of forces, and the creation of a demilitarized zone. The Foreign Ministry reported that the observer mission from the guarantor countries—Argentina, Brazil, Chile, and the United States—has been conducting aerial patrols over demilitarized areas and zones since 9 April.

This important activity that has allowed the verification of the absence of military personnel or any activity in the areas from which troops have been removed, will continue to be carried out periodically and without prior notice to the parties, the communique said.

Central Bank Reports International Reserves Up

PA2004043595 Quito Voz de los Andes in Spanish 1700 GMT 19 Apr 95

[From the "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuador is regaining its international reserves, which had fallen by $150 million, because tranquillity has returned to the border between Peru and Ecuador, the Central Bank of Ecuador has said. After the armed confrontation stopped, there was an oversupply of dollars, and to date we have purchased approximately $142 million, which has allowed us to raise our international reserves, a bank official stated. International reserves went from $1.508 billion in February to $1.650 billion in March. A broker said that every day the Central Bank of Ecuador receives an average of $6 million because the market has an oversupply of dollars that were purchased during the conflict.

International reserves shrank $150 million during the border dispute between Ecuador and Peru, which lasted over 34 days along an undemarcated zone on the common border, according to official figures. When the fighting became fierce, economic agents put a heavy demand on the U.S. currency, forcing the monetary authorities to intervene in the market to prevent an exchange crisis. At the same time, the authorities raised the interests rates to prop up the trading range in the face of the growing edginess by investors.

A top official of the Central Bank of Ecuador said that the confidence of the economic agents [agentes economicos] and the attractive interest rates are primarily responsible for the return of the dollars to the Ecuadoran market. The economic agents have regained confidence in the country. Compounding the situation is the existence of real interest rates in local currency that are apace with the inflation rate. In addition, the official denied that short-term foreign investment has returned to the local market. In view of the oversupply of dollars, I cannot see a return of foreign investors, that we can say advantageously, the official said. [sentence as heard] He added that the market is not frightened by the possibility that capital that has left the country may return. Because it is highly unstable and is to blame for the Mexican crisis, we believe it is not a good finance mechanism. Brokers, in turn, said the dollar has stayed for over 15 days close to the lowest level of the trading range set by monetary authorities. With the dollar at this level, some economic agents have registered losses, as they purchased dollars at the trading range's highest level during the war, a broker who declined to be identified disclosed.

Ecuadoran monetary authorities are making successive adjustments to the local currency to avoid abrupt fluctuations, a mechanism known as [words indistinct].

Peru

Five Fishing Boats Seized by Ecuadoran Military Vessels

PY2004032895 Madrid EFE in Spanish 0248 GMT 20 Apr 95

[FBIS Translated Text] Lima, 19 Apr (EFE)—The Zorritos Harbor Master's office in the northern department

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of Tumbes, on the border with Ecuador, reported today that five Peruvian fishing boats had been seized by Ecuadoran military vessels.

In remarks released today by the ANDINA news agency, Frigate Captain Raul Nunez reported in Zorritos that the fishing boats, of 2 tonnes each, are the "Topo Gigio," "Andrea," "Mi Marjorie," "Gabriel," and "Mi Michita."

The circumstances under which the Peruvian boats were seized has not been reported, although unofficial reports claim that they were caught fishing in Ecuadoran waters.

On 17 April the union of fishermen from Tumbes reported that an Ecuadoran Navy patrol boat had entered Peruvian jurisdictional waters and arrested two Zorritos fishermen.

Rogelio Purichaca, president of the Tumbes fishermen's association, reported that the Ecuadoran boat entered Peruvian waters on 8 April "without an international license or identification, and arrested two of our fellow fishermen from Acapulco Bay."

Purichaca added that over the past few weeks the Ecuadoran Navy had arrested 11 fishermen and "seized eight boats from regular fishermen."

Re-Election Prompts Stock Exchange Record High

PY2004025095 Lima LA REPUBLICA in Spanish 11 Apr 95 p 2

[FBIS Translated Text] One day after the electoral victory of re-elected President Alberto Fujimori, the Lima Stock Exchange Stock Exchange General Index rose by 7.13 percent.

This tremendous rise in the stock market indicators came during a day of intensive activities when shares worth about $28 million were traded.

The stock exchange closed yesterday at 1,320.90 points, up 90 points on Friday, 7 April.

The Selective Stock Exchange Index [Indice Selectivo Bursatil—ISB] is up 7 percent, closing the day at 1,631.90 points.

On the stock exchange floor, traded shares reached a record figure of $22,966,571, the result of 4,147 operations.

Jose Almenara, manager general of the Lima Stock Exchange, said the shares negotiated yesterday yielded $28 million.

Almenara said this remarkable increase in the main stock exchange indicators follows the news of the presidential re-election in the first round, in a clear positive reaction by the investors.

The previous record was 3,800 operations in one day. The previous record this year amounted to 50 million soles (some $23 million).

Almenara said these results show the skepticism concerning a possible runoff election has been dissipated and that possibilities will now be greater.

"A sustainable growth will be noticeable now," Almenara said, adding that the positive results will also be reflected abroad.

Daily Evaluates Meaning of Absolute Majority in Congress

PY1904201695 Lima EXPRESO in Spanish 11 Apr 95 p A30

[Editorial: "The Risks of an Absolute Majority"]

[FBIS Translated Text] Is it good for the country when the executive branch has an absolute majority in Congress? The question is valid because until a few days before the elections some polls indicated that New Majority-Change 90 would not get over 30 percent of the votes for Congress. In other words, the people apparently sought to withhold an absolute majority from the president as a way to control the concentration of power or to prevent a "tyranny by the majority." For example, an unconstitutional law cannot be approved easily if the government bloc is forced to seek the support of other groups.

Yet the electors fianlly decided to give the government an absolute congressional majority. Why? Perhaps because of the irresponsible effort by Javier Perez de Cuellar and other candidates to invalidate the election on the grounds that a fraud was being mounted to favor President Fujimori. This, in turn, awakened fear among the people that if they were able to question the cleanliness of elections they would also be able to implement a destructive style of opposition in Congress. The people were afraid to risk the continuity of the reform. When the time came, the people preferred continuity to the counterbalance of power.

But this does not remove the people's desire for some control over the executive branch. The media will thus have to the task of zealously preventing any government abuse.

It is worth asking if Congress will strengthen the judicial branch—for example, through real economic autonomy—the Attorney General's Office, the Ombudsman, or the General Comptroller's Office, which are institutions that help prevent abuses of power and arbitrary decisions.

A government with a congressional majority should benefit the country by moving quickly toward profound economic and institutional reforms. Under these circumstances the government will not have to make its proposals more acceptable in order to get them

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approved, or resort to a populist type congressional agreement. If Congress has clear ideas it can promulgate the necessary laws to accelerate the process for increasing internal savings, consolidating the AFP [Pension Fund Managing Companies], redefining Fonavi [National Housing Fund], modernizing agriculture, reorganizing the executive branch, and organizing good educational and health services. The people, by voting massively for Fujimori, are telling him to get on with the established policy.

To do this, the executive branch should call on the best men from each sector. That call could have been restricted before the election, but now the government's legitimacy has been reinstated there is no impediment. This is necessary to prevent the perpetuation of small circles that always run out of proposals and incubate corruption.

Venezuela

Government's Anti-Inflation Plan Stirs Controversy

PA1904204795 Caracas Venezolana de Television Network in Spanish 0200 GMT 19 Apr 95

[From the "The News" newscast—passages within quotation marks recorded]

[FBIS Translated Text] Debate about the government's anti-inflation plan continues, in particular because the business sector does not accept the compensation bonus, as currently structured, and is terming it inflationary. In addition, a wave of speculation is washing over the prices of basic products. This has been attributed just to the announcement of this increase, which has not yet been implemented.

The government will deliver foreign currency only to sectors that accept the anti-inflation plan and do not speculate with prices. Finance Minister Luis Raul Matos Azocar said this in view of the threats by some sectors which, after they agreed to freeze prices, announced that they will raise them. Matos also said that the prices of products have been raised, although the prices of basics are fixed and that consumers are the only ones who do not benefit. Because of this, the government will (?establish) the necessary controls to help the people only.

[Matos] "I wish to point out very clearly that the price stability policy is closely linked to the foreign currency allocation policy. Let whoever reads the message interpret it correctly."

Consecomercio's [National Council of Commerce and Services] announcement about raising prices drew a similar reaction from the Confederation of Venezuelan Workers, whose president, Federico Ramirez Leon, said that they agreed not to demand that the bonus be treated as salary, provided prices were frozen but that they would pull out of the anti-inflation pact if the government allows price increases.

[Ramirez Leon] "Price increases should not be demanded as a prerequisite for implementing the anti-inflation pact. This would introduce yet another factor that would prevent the government from fighting inflation seriously."

The financial sector also had something to say. Ali Cordero Vale, president of the Industrial Bank of Venezuela, thinks that one way to overcome the crisis is by reactivating the economy. The compensation bonus would have started things working in this direction by increasing the people's purchasing power. But speculation could frustrate this government initiative.

[Cordero Vale] "Businessmen and producers should be careful in handling prices. They should calculate their profits by increasing their sales volume instead of raising prices."

The economic sector apparently will have to seek consensus. But Minister Matos said that he will meet with them again this week to clarify ideas.

If the anti-inflation pact is not implemented and prices skyrocket, the government would take measures to protect the consumers. These measures would include freezing the prices of several products, although what the government wants is a consensus among producers, businessmen, workers, and the executive so that inflation can be fought.

Agriculture Minister Raul Allegrett thinks the so-called voluntary price freeze, which could be agreed on through dialogue, would be healthier. Allegrett added that the anti-inflation pact would make it possible to implement government food programs at a lower cost.

[Allegrett] "We are trying to stick to the policy that prices must be agreed upon, that everyone must make his own contribution, and that businessmen, industrialists, and agricultural producers should understand that they must lower their expected profit by a certain percentage to prevent the cost of living from rising too high."

At the ministers meeting scheduled for next week, Allegrett will propose to the president of the Republic and the ministers the creation of a National Food Council which would coordinate, supervise, and implement 20 food programs, including the strategic basic basket program.

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Labor Minister on Subsidy, Salaries, Layoffs

PA1904204895 Caracas Venezolana de Television Network in Spanish 0200 GMT 19 Apr 95

[From "The News" newscast]

[FBIS Translated Text] A labor subsidy approved by the executive took effect on 11 April. Labor Minister Juan Nepomuceno Garrido has said that this bonus will not increase inflation at all because it is not part of salaries. Therefore, it cannot be used in calculating workers' social benefits. Nevertheless, the bonus will increase the workers' income, which will be helpful when it is time to go shopping. The private sector should be able to absord this without fear.

[Begin Garrido recording] Shifts in enterprises last seven hours. The subsidy is paid for those seven hours. But this subsidy is not paid for overtime because the subsidy is not part of salary. [end recording]

The Confederation of Venezuelan Workers [CTV] is determined to defend workers at all times.

[Begin CTV President Federico Ramirez Leon recording] If the government does not take a firm stand on prices and employment problems, all of the good intentions of the other sectors of society will come crashing down. It is good for the government to promote an agreement, but the government must keep an ace up its sleeve, so to speak, to impose stability and, if necessary, price control too. [end recording]

The labor minister also said that if mass layoffs occur, the government will declare a freeze on dismissals.

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